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Daily Report

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Cuba

Cuba: Raul Castro Reads Politburo Report to Party Plenum

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[Report of the Cuban Communist Party (PCC) Politburo approved at the fifth PCC Central Committee plenum in Havana on 24 March; read by Army General Raul Castro — recorded]

[FBIS Translated Text] Comrades: It is rare for events to be so important as to warrant a Central Committee meeting. Our people have demonstrated patience, sensibility, strength, and decisiveness in defending their sovereignty, airspace, and maritime space. The monstrous Helms-Burton law creates tension and threatens U.S.-Cuban relations. Recalcitrant forces espousing a neofascist ideology drafted this legislation, the same forces that defeat the causes of the poor at home — particularly those of blacks, Hispanics, and immigrants — and hope to secure the U.S. multimillionaires' absolute supremacy over every country in the world.

The anti-Cuban mafia in Miami also endorses this neofascist ideology: It is the perfect lackey to carry out Washington's miserable plans regarding Cuba's recovery. They would receive the property that they claim as their own but that is currently in the hands of its legitimate owners — the Cuban people, who built it up with their sweat and blood — as a reward.

Cuba does not see this law merely as a mechanism for tightening the cruel blockade we have been suffering for more than 35 years. It is more than an open and declared economic war: It is a detailed criminal plan of action aimed at forcing our people to surrender through starvation and disease. This enslaving law seeks to deceive, confuse, and disarm those among the population who they consider most vulnerable through an increase of radio propaganda and other media of ideological diversion included in the so-called Track Two. It is meant to inspire and finance small groups of traitors inside the country and their petty bosses, some of whom the powerful U.S. media have turned into figures known the world over as leaders of a so-called great internal dissidence which merely exists in their wildest dreams.

This fascist law aims to lay the proper groundwork for, quote, military-humanitarian action, unquote, under the UN flag, if possible, or by way of a unilateral U.S. decision. The military action to which this wild policy may lead is even mentioned in the Helms-Burton law itself, although like its foiled predecessor — the Torricelli law — it is disguised as a, quote, peaceful transition, unquote. We cannot say that the Pentagon even prefers this policy: It has duly noted that our country poses no threat to U.S. security and that the United States could face a new Vietnam in Cuba, especially in terms of the high numbers of projected casualties.

We improve on our defenses every day, based on the military doctrine of the War of All the People. We are working on restoring, remodeling, and reorganizing our economy. We must also continue to review the country's social and political situation and derive from this review the ideological work that our Party should carry out in this special period in peacetime.

The U.S. blockade, the collapse of Europe's socialist community, and the dissolution of the USSR forced us to take economic steps in the last five-year period that had already been considered. These steps have prompted changes that our society has been awaiting. The number of workers in state-owned production and service centers has declined as a result of the closing, the drawdown, or the reduction of activity in most branches of the economy.

Agricultural workers on all sugarcane plantations and most agricultural farms — an important working class group — have formed cooperative working units, which collectively own the means of production and what is produced on state-owned land that has been divided up for their use.

More than 200,000 citizens have already registered as self-employed workers and have adopted the self-employed way of life. The number is certainly higher: Thousands are illegally self-employed in one way or another. The number of self-employed workers will certainly grow in the short term, since the unavoidable struggle for economic efficiency demands that inflated personnel rosters be trimmed of excess workers.

Although the sugarcane and agricultural production may take a part of laid off workers, not all would be needed if we consider that also in this area the principle of the increase in productivity of direct workers [obreros directos] and the layoff of indirect workers [obreros indirectos] will be followed, reducing their number to those essential.

Meanwhile, for one reason or another, not everyone who has been laid off has agreed to take an agricultural job. The Revolution is having to accept high self-employment levels in some areas, because the state cannot guarantee work for everyone and because work is the path to wealth within socialism. This work offers many Cubans the chance to make a living legally,

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to increase their income if they already have a set occupation.

Those who are honest and self-employed benefit the economy in two ways, namely through the progressive taxes they must pay to the national treasury and by providing various services that state enterprises cannot provide or cannot provide to the degree that is necessary. These self-employed workers are the ones who should be most interested in weeding out the profiteers, the thieves, and those who violate tax or health laws — that is, anyone who aims to profit off the needs of the people and the hardships of the special period.

The number of individual peasants is on the rise. A privileged economic situation has encouraged the children and other heirs of current owners to gradually replace them. Meanwhile, the correct policy giving idle land to families who wish to work on them in usufruct in places where there are no conditions to create UBPCs [basic cooperative production units] and cooperatives, especially for the cultivation of coffee and tobacco, is another factor that increases the number of private farmers.

The psychology of private producers and of self-employed workers, in general — due to the nature of their personal or family work and the source of their incomes, the particular marketing of the products or services they provide — leads to individualism and is not a source of socialist awareness.

Self-employment could have some negative side effects, among others: the rebirth of old types of crime and promotion of new ones; people acquiring and hoarding goods during a period of shortages; the establishment of bases for gatherings, associations, and actions in an organized manner independently from the state that could constitute a breeding ground for the enemy's subversive work.

We must not forget that the fate of self-employed workers and that of the individual farmers is, generally speaking, linked to the fate of everyone else in the fatherland. We should secure their place among the workers within our ideological framework. This is a battle of ideas. We must ensure that they comply with trade laws and regulations and monitor their activity. We must ensure that they make their contribution to the country's economic development; in the end, this will benefit them as citizens and as producers.

Severely punishing those who break the law should make it clear to everyone that crime has no future within a socialist society. We must ensure that our network of information is adequate. Income not linked to murky businesses, even those involving large sums, are and will be respected as long as they comply strictly with our laws and provisions.

A majority of those peasants who are not involved in production within the cooperatives — to whom the Revolution gave land and freed from exploitation, ignorance, unhealthy conditions, and destitution — have managed through honest work to gain enough resources to live a reasonable way of life. Others make a comfortable living, better than that enjoyed by the average worker. The few counted among the most prosperous — in terms of the size or quality of their land, the very nature of their work, or the opportunities that their line of work offers — coupled with their business acumen and lapse in scruples in striking any kind of transaction — even murky or openly illegal ones — accumulate large sums of money either to invest in new businesses or to save.

This group of peasants and self-employed workers in the cities, as well as the so-called middlemen, constitute what is known as the new rich. Consequently, we must persist with the law and pay the progressive income tax.

A significant number of individual peasants have become true examples of producers and patriots. Some of them have even served as advisers to state agriculture. The agricultural-livestock cooperatives, CPA, which tens-of-thousands of former individual producers established, are generally characterized by their efficiency, good living conditions, and great contributions to the country's economy.

The special period's effects in peacetime include not only layoffs and less work for thousands of people working in state-owned enterprises but also higher youth unemployment rates, as hundreds of thousands of youths reach working age every year, the Armed Forces demobilize personnel, and workers continue to be laid off. The country had not experienced this in the 25 years preceding the special period. It left a definite impression on some youths, particularly those who demonstrated psychological and sociological behavior very common at that early age. This led thousands of them, lacking perspective and the necessary patriotic awareness, down the path of economic emigration. Radio broadcasts from Miami and the arms that the United States held open to them for more than 35 years encouraged them.

The emigrants came from all walks of life, from professionals and technicians — who are not necessarily enemies of the Revolution — to criminals, adventurers, and others who oppose our social system. This attitude is reproachable, especially when we consider the integrity with which most youths in the work centers, classrooms, the Revolutionary Armed Forces, the Youth Labor Army, and at the Interior Ministry and in the fields of

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art, culture, and sports fulfill their duties, serve as a pillar of the Revolution today, and guarantee the fatherland's future as a sovereign nation.

Lifting restrictions on the dollar — another new problem — helped ensure not only that more people would be able to receive cash remittances from their relatives abroad but also that those receiving these remittances were better off financially, given the purchasing power of foreign exchange in light of the Cuban peso's value. There is a certain inequality with regard to the rest of the population. This also furthers the propaganda in favor of the U.S. consumerist society and exerts a direct and negative influence on beneficiaries. We cannot ignore the fact that the growing legal access to foreign exchange, including the dollar, tends to bring about a change in some of the values of people in specific circles, including the youth.

There are those who opt to abandon important jobs — teachers, engineers, etc. — for jobs requiring fewer professional skills, like tourism industry jobs. They can resolve certain shortages, even though this entails not contributing to the country their knowledge and experience in such necessary and dedicated professions as those just mentioned.

Renting rooms or entire homes to tourists or foreign residents has also been another source of private income, especially in Havana City. Their owners, who practically without exception received them from the revolution, earn income in foreign currency. This is another modality that very often results in a disproportionate amount of income. In the future, they must also comply with their social duty of paying taxes. The development of tourism, the arrival of hundreds of thousands of foreigners who visit our country each year for that purpose, is another phenomenon that has an undeniable influence on our inhabitants.

Of course, generally speaking, this is what tourists are: travelers who wish to get to know places and who want to rest. Undoubtedly a number of them, with their visit express their liking for Cuba and its people, without forgetting that because they come from capitalism they are carriers of ideas from a consumer society. It is clear that the influence is reciprocal, just like it happens in all social relationships.

There is no doubt that this presents us with a challenge: the emergence of prostitution [jineterismo] is the most visible and humbling result of this phenomenon, but is not the only negative aftermath brought by tourism. From the point of view of ideological penetration, which doubtless was harmful to a certain extent in relation with certain people, the visits of Cubans from the United States to their relatives in Cuba and vice versa, which have increased and are likely to increase in the future if it is not made difficult by the slavery law, is due to the facilities offered by our government with its policy of making relations, with that segment of inhabitants of Cuban origin who live abroad, more flexible.

Emigration cannot be considered as a monolithic bloc of traitors to the fatherland that side with the blockade and the overthrow of revolutionary power. Those who comprise the mafia of people without a fatherland, and are in positions of extreme right and are allied with the Yankee ultraright, to a great extent manipulate the Cuban emigration in North America. Another growing minority of brave emigres defends Cuba. A great mass only seeks to contact their relatives and live in peace with their country of origin.

The growing presence of foreign capitalists who establish joint enterprises in Cuba, also leave a mark in our workers' conscience. In most cases, the basis of the associations is regulated by certain clauses, which are naturally specified by us, which favor working conditions and remuneration. A simplistic person could infer that the treatment capitalists offer its workers is better than what he receives from socialist state enterprises. Thus, he may conclude that capitalism is better or at least is not as bad as we describe it. This then becomes a pole of attraction and admiration toward this type of enterprises, which may weaken some of our workers in the same measure as the feeling of nationalism and anticapitalism.

Another aspect that needs watching is the possibility that Cuban officials may defend national interests ineffectively when doing business with foreigners, and the latter may even use corrupt means. We have had bitter experiences with this. Bribery and corruption go hand in hand when doing business with capitalism. Certain foreign firms offer sales commissions, gifts, sums of money, etc. to their opposite numbers, who are members of the Cuban state. To this we need to add the little experience of our officials in the negotiating activity and the few economic controls we have had.

We have to say that corruption has been evident in certain mid- and lower-level officials.

Unemployment and scarcity increases the number of lumpen and crime. This is the case of prostitution and its aftermath of pimps, etc. The struggle against these elements continues, even though we are far from winning. The current social picture would not be complete if we do not refer to the hardships of the great majority of our people, who have suffered and continue to suffer in these years of the special period. Food shortages, blackouts, transportation problems, practically a total lack of clothing and shoes, a worsened housing

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problem; a phenomenon we have carried forward from the past and to which we have made heavy investments that were suddenly interrupted by the special period; a reduction of electric repairs to home appliances, a situation that was in deficit from before; the shortage of such necessary products as soap, and other articles for personal hygiene.

The material shortages that affect our health system, including medicines and training, have meant for our unselfish people five long years of unprecedented needs and a harsh decline in the living standards we had attained during the 1980's. Despite the economic crisis in Cuba and thanks to the actions by the socialist state, we have not been forced to close one single school, hospital, child care center, or home for the elderly, and we have been able to maintain the health and education levels admired all over the world.

To these material shortcomings, we must add the political discouragement and confusion that followed the collapse of the East European socialist system, particularly the disintegration of the Soviet Union, and the intensification of the psychological war by the greatest superpower in a unipolar world. This superpower has aimed all its propaganda means against our small island in an extremely disproportionate manner. In 1995, for instance, this superpower devoted tens of thousands of hours of radio transmission every month through 15 enemy stations. This overloading of our airwaves by radio stations from the United States with programs in Spanish, designed specifically for the Cuban audience, has not been enough for them. The United States wants us to imitate the traitors of the former socialist bloc, which allowed the transnational corporations to acquire part of the media in their countries.

In its normal cynicism, the U.S. imperialism demands what its own system does not allow its opponents. Who controls the press, the radio and television stations in the United States? Never in the world's history, in proportional terms, has a people been subjected to such an overwhelming load of insidious, untruthful, and subversive propaganda. We must also mention, as this is a joint ideological offensive, the significant role of U.S. diplomatic and consular representatives and officials of agencies [word indistinct] in the U.S. Interests Office [word indistinct] in Havana or under a transient status, as well as any official from other countries. In this respect, we are witnessing a not so diplomatic diplomatic conduct. These people are sent to the various provinces in an attempt to seek information and infiltrate the so-called intellectual groups, namely, teachers, medical workers, and young people, all of whom are deemed to be the most vulnerable sectors.

In short, there is a contrived spectrum of activities that comprise all the sectors of our society and are designed to divide, confuse, and ideologically infiltrate with a view to destabilizing us. If we bear in mind all the adverse factors, material and ideological, that have afflicted our people; and our existence as an independent, organized, fair, and solidaristic nation; as well as the solid support given to our revolution, social system, and historic course, led by our commander in chief; there are ample reasons to affirm that we have a people that, although similar to other people in the world throughout the history of humankind, has no parallel as far as our fighting spirit, capacity to resist, moral values and solid principles. [applause]

Based on this general conclusion, of which Cubans can feel very proud of and the rest of the world astounded, our friends voice their admiration and most fervent support while our enemies scheme new and more criminal plots to crush us. Therefore, it is extremely important that we analyze the extent and the manner in which the people, in their differen: classes and levels, age groups and geographical locations, understand our policy and what we should do in the ideological arena. The electoral results constitute the most general proof of the widespread support for our policy, and the weight of those who disapprove it for different reasons.

The problem with elections, as it is with democracy, is that there are two realities: ours and that of other countries. We do not deny other processes and conceptions; however, life has proven that our elections are genuinely democratic and honest and that people fully support them. Not even our party intervenes in them, except to ensure that people are their only protagonists. In no other country, except Cuba, this constitutes a true plebiscite on the special system and its leaders. It is truly a reliable plebiscite, because votes are on a voluntary basis, secret, and scrupulously counted. There is not any electoral campaign favoring a candidate, except to make public his resume to inform the entire electorate. Not a single of the repugnant vices that we were familiar with in Cuba from 1992... [pauses] from 1902 to 1958 takes place here. We currently see them in almost all the countries of the world, especially in the United States, where money, propaganda, demagoguery, the recruitment of activists and their entire politics, the purchasing and selling of votes, fraud, and the sometimes high abstention rate are the most notable characteristics. The more recent elections held in July 1995 to elect the delegates to the municipal assemblies elapsed as the previous ones, without a single incident despite the accumulation of economic woes and the [word indistinct] proximity to the air and maritime provocations concocted in Miami.

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On this occasion, 97.1 percent of the electorate voted. The amount of blank votes was 4.3 percent, and the number of void votes, 7 percent. These two amounts totalled 11.3 percent. These figures eloquently show, without any doubt, that more than 85 percent of the voting population support the revolution and its democratic electoral system. This is the case despite the conditions of five years of special period and the increased propagandistic assault by the enemy. Imperialism has undoubtedly failed to change the deep economic crisis the country has experienced in the last five years, amid a destabilizing situation with the objective of subduing the revolution. [sentence as heard]

What other country in the world has so much support? In what other country in the world do masses of citizens voluntarily exercise their right to vote and do it largely favoring their government? On 5 August 1994, there was a counterrevolutionary disorder in Havana neighborhoods staged by the lumpen as a shock force. They were organized to hijack vessels in an attempt to illegally leave the country, and supported by the United States, which was frustrated over the awakening and promotion of working people without any sort of weapons and with the commander in chief as their leader. A year later, the large youth demonstration to mark that battle represented another kind of plebiscite, a street plebiscite. If we were bourgeois politicians, we would resign ourselves to the electoral victories, and we would be concerned only about public opinion regarding those matters that could adversely affect us or benefit us in the next elections. However, we are communist politicians, and our party is not an electoral party to merely mobilize people. Its permanent action and duty is to seek people's comfort, defend the nation's independence and economic and social development, and strengthen our ethical values.

I must say that although there are more ideological problems in our country's capital, relatively speaking, most of the revolutionary population have proven their strength. The working class is combative, it opposed tyranny, and faced the missile crisis, the struggle against bandits, and internationalist delegations in the Bay of Pigs. In addition to this, it is impossible to forget, among other things, that the capital's youths played a very remarkable role in the literacy campaign. We currently notice a favorable change of spirit in the people. However, we must continue to exalt the revolutionary spirit.

Domestically speaking, 1993 and 1994 were the most serious years of the special period both from the social and economic standpoints and considering the foiled foolhardy attacks by the domestic counterrevolution, which speculated that the following years would be even worse for the revolution. In this context, the enemy thought it was possible to destabilize the country. We witnessed vandal actions, the [word indistinct] of recovery.

Consequently, in the domestic front, there is widespread calm, and people feel better. This is precisely what explains the desperation of the thugs in Miami and the pressure the entire Yankee ultrarightist movement exerted to approve that completely illegal international law, which is detrimental even to businesses and a large segment of the U.S. media, as well as to the opinion of all countries. This has been reflected in the recent trips by our first PCC secretary, trips that are a lesson on how we must... [pauses] on how we can and we must combine our opening economic front and the ideological strength.

This and the upcoming years will be taut; the enemy no longer waits for the logic objective of internal development to favor it. This is why we could expect adventurous actions not of sabotage and promotion for larger blockade policies, which they have already done, but of aggression by its agents. To be honest, the scarce elements that are beginning to emerge as a domestic opposition, which we will never heed because they aspire to become an evil, do not constitute an ally on which the enemy could count. People not only hate them; they also ignore them. Fighting these factors, which in fact constitute a natural ally of the counterrevolution, social indiscipline, the theft and killing of cattle, burglary, and crime, more resolutely is in our hands. This is why most of us must do more to preserve the socialist order.

In addition, disorder is not compatible with such a sheer revolutionary process as ours, the most elevated aspiration of which is to have a people better comprised of better human beings, who understand that deep down our ideology is entrenched in all economic battles, political struggles, and confrontations with parties alien to socialism with which we must live without allowing them to harm social awareness to a great extent.

There are two opposing ideologies. This plenum precisely seeks to expedite, improve, and place at an essential level the political and ideological work. This will translate into actions by each and every one of the fronts in which the revolution wages its battles until winning or dying.

As a reminder of those difficulties, because our levels of awareness, spirit of devotion, and confidence in our historic future are not and cannot be equal, we have perceived a significant potential for migration. Many people are willing to attempt to leave the country by a variety of means. The Miami mafia is aware of this

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and will continue to encourage it in their irrevocable eagerness to destabilize Cuba and consistently heighten tensions between the United States and Cuba.

Now, what is the people's main concern at present? The people's number one daily concern is food. Therefore, the decision by our party and government to make the production of food our main priority is totally fair. Full attention must be paid to our priority problem. This is our policy, it is our strong defense of our ideology.

Our country has to import food and raw materials for conversion here, and for this it spends over $700 million annually. This foreign currency is obtained from, among other sources, sugar exports. Thus, in addition to food, sugarcane and sugar production are priorities.

I would now like to underscore that these two foremost requirements for the country, food and the production of sugarcane and sugar, explain the measures we have adopted over the years, such as the creation of the Basic Cooperative Production Units [UBPC]. Without anyone demanding it, the revolution distributed 4 million hectares among worker organizations so that they could cultivate them; it distributed unused lots to families that wish to cultivate them, and it created the farmers' markets, reorganized the entire fishing sector, authorized the self-employed to prepare and sell food, and so forth. All of this to increase the production and distribution of food.

It is useful to remember that the farmers' markets were created as an incentive to increase farm production and to combat the underground market by economic means. In contrast with the earlier Farmers' Free Markets, the current market is used by, besides individual producers, socialist organizations or, in other words, the DPA's [expansion unknown], the UBPC in (?Ocaninga), and state farms, if they have fulfilled their contracts with the state.

Thus, there will be more products at the farmers' markets as well as in the state food distribution network when the UBPC's, DPA's, state institutions, individual farmers, public organizations, and self-supply gardens can continue raising production and strictly fulfill their individual duties toward the state.

The participation of state and cooperative units in the farmers' markets will lower prices in general. Prices will also be influenced, indeed they already are, by a decrease of currency. It is a matter of devoting more time and effort to production.

The importation of oil, which is vital, also demands a great deal of foreign currency, as do food, medicine, raw material for the manufacturing of clothing and shoes, supplies, aggregates, and replacement parts for industry, farming, and transportation. All in all, we need foreign currency to purchase all of the things that we do not produce but need.

The shortage of convertible foreign currency is the leading problem of the national economy; therefore, it is extremely important for us to increase all our exports of sugar, nickel, tobacco, seafood, citrus products, medicines, coffee, and rum, just to mention our leading exports. We must replace imports with everything we can produce competitively in Cuba. All those who understand this need for foreign currency will understand the development of international tourism as the growing source of foreign currency. They will understand the creation of mixed enterprises and other types of joint ventures with foreign capital, which also provides technology and markets to Cuba. They will understand the depenalization of the dollar and the creation of a chain of special stores to attract dollars. Due to the inequity it entails, we must explain this last point exhaustively, graphically, with simple and understandable cases to all those who need to understand.

We must mention the production of milk, which has dropped abruptly, as we no longer had the raw material for fodder we imported from the Soviet Union. This circumstance forced us every year to import a large amount of powdered milk to guarantee at least one liter a day for children up to the age of seven. The price of powdered milk surpasses $2,200 per ton. This ton gives us 10,000 liters of milk; each liter of milk is reconstituted. Not including other expenses, each liter costs $0.29 in addition to the powder. If we add up the milk [words indistinct] and so on, we would conclude that every [words indistinct] of milk cost $1. The profits earned from the sale of $5,000 worth of products at our special foreign currency stores give us the necessary resources to purchase the powdered milk required to provide 1 liter of milk per day to 10,000 children. Once subsidized, this liter of milk is sold at 25 Cuban cents, and the state receives only 1 cent per liter, considering the current exchange rate in the domestic market.

We are making the recipients of remittances sent by relatives from abroad or anyone who has dollars to buy at these special foreign currency stores in order to help sustain a fair, humane, and vital act as providing milk for our children in their early years or any other indispensable need of the country; this is why prices at these stores are high. Their purpose is to attract foreign currency and to earn the largest possible profits so we can use them to resolve the problems of the people. Among other economic considerations, this point is also why the holding and use of dollars was depenalized. Just

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as the recently established exchange offices, this move has helped fight the black market for foreign currency.

A major campaign that has been waged recently and which has not been accomplished yet is the cleansing of domestic finances. The amount of money in the hands of the people grew to unmanageable proportions for the normal operation of the national economy. The main cause for this situation was our equitable policy of not disowning anyone just as hundreds of thousands of workers were left idle in the wake of the special period. The prevalent, neoliberal capitalism resolves this problem in a heartless manner, its formula being every man for himself. Our socialist system would cease being what it is if it did not look after each one of the 11 million Cubans. For these same reasons, it is everyone's task to resolve the country's problems.

The market plays a role in implementing this solution, especially the national economic plan. Without [word indistinct] and the preeminence of the state to guarantee it, there is no socialism, and there can be no socialism. The existence of such heterogeneous economic sectors demands the strictest regulations to ensure that each sector will play its assigned role in the type of economy it is forging; this entails the need for a group of legal measures and regulations with the relevant organizations, the timely adoption of every new regulation called for by social practices, and a more effective supervision to ensure compliance with every established rule. In addition, it entails the need to establish moral and ethical principles to guide the conduct of all the officials and sectors of the economy.

The organizations of the state's central administration, particularly the Finance and Prices Ministry and the National Audit Office, the people's government organizations responsible for ensuring compliance with each one of their corresponding measures, and police officers shall act against criminals and offenders. In addition, the prosecutor's office and the courts shall act in keeping with their own duties to prevent and to penalize tax evasions as well as other economic crimes and corrupt deeds in this area. To succeed, this permanent struggle requires the closest coordination and cooperation among all the concerned organizations. The control and demand for discipline must guide all the activities undertaken by the party and the government.

A broad debate by the people preceded the well-known measures adopted to cleanse the finances. Our National Assembly of the People's Government, which represents all those who elect it of their own free will, began studying the matter and has proposed the possible solutions. The labor assemblies were the ones, however, that have enabled millions of workers to reflect, decide, and state their opinion for this cleansing process to become a mass movement, a work by the masses. Not only do the workers approve and accept the decision to pay higher prices for certain articles; they also have agreed to struggle at each center to increase production at a lower cost and to eliminate the subsidies; this constitutes an excellent example of how a socialist democracy works and how our ideological work should be.

This ideological work in the bosom of the most revolutionary and leading class of the socialist society is being prolonged by the discussion of the [word indistinct] of the 17th Congress of the Cuban Workers Federation. The rejection of capitalism and the support for socialism are the keynotes of the [word indistinct] discussion assemblies. The document itself analyzes the nation's problems from the viewpoint of the leading class, which identifies the state as its own. It describes the state as the socialist state of the workers and all the people, a state that works for itself and for the people. The workers are willing to take the necessary sacrifices to save the revolution and to move toward the solution of the special period with a clear awareness of the concessions we have been forced to make, even at the inevitable expense of creating inequity. The workers are determined to preserve the conquests of socialism and the independence of the motherland.

Each one of the assemblies has had a constant; that is, the broadest discussion on how to achieve at the workplace the most diverse initiatives to increase savings, productivity, efficiency, the reduction of costs, the best use of time at work, the establishment of a rigorous accounting system, labor and technological discipline, the creativeness of innovators and efficiency experts of the technical youth brigades, and the fight against the misuse of resources and theft.

Workers' organizations comprising blue collar workers and intellectuals have clearly spoken in favor of maintaining their social system, revolutionary power, and for doing their share of the recovery of the economy. The ideological work of the party and the state cannot be schematic, general, or dogmatic, something which it often is, because the idea is to motivate the people, and this motivation must result in changes in the way of thinking and performance of the people.

There is room for any kind of routine ideological work, because it is either us who will motivate the people, or the enemy, the open and conniving enemy of the revolution and the nation, will do it. In ideological work, one must always determine at whom the effort is aimed. A blue collar person or organization and an intellectual are not the same, and this is also true for

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a peasant and a worker, a doctor and a housewife, the old man who knew the ills of the capitalist past or who has participated in various victorious efforts since the revolutionary victory, and the young man with many questions and concerns.

We must also give political consideration to present and future circumstances. There are moments for barricade type tirades, and there are moments for soft talking also. We must not have one way of speaking only. We must speak in many ways linked by patriotic and revolutionary principles. A fundamental aspect is common to everything. We must do away with the predominant belief of many good revolutionaries. I answer only for myself. Patriots, communists answer for others as well. They try to win others to their side. What happens is that when a vanguard attitude becomes necessary, be it at work, during a mobilization, a watch, etc., some say everybody in all neighborhoods and organizations must adopt this attitude, but their concern is limited to them not failing to comply with their obligation. This satisfies them as militants, and some even ask that this be considered a merit, but they did little or nothing to have people on whom they could have exerted influence, even people they do not know, comply with their duty.

The results of an investigation into party work carried out 18 months or two years ago reveal that it is necessary for issues to be discussed by municipal bureaus, and party rank and file organizations deal more often with ideological work, including, for example, efforts to make militants and cadres gain understanding about the legal possession of foreign exchange, the policies on relations with the Cuban community abroad, and others.

A poll makes evident that 13.5 percent of party militants either do not understand or disagree with those measures. At other meetings, the political and ideological consequences the imposition of these measures would have on militants of the territories mentioned and on the people in general were not considered. The poll also made evident that a considerable percentage of our militants believes vanguard meetings do not suitably discuss the real problems of their work centers, and this leads those centers to develop doubts about the vanguard's capability to face situations and to explain questions.

Track One of the anti-Cuban U.S. strategy is the blockade, which seeks economic asphyxiation. Track Two is domestic subversion with a view to subtly undermining us from within. These tracks complement each other. The first thing revolutionaries must understand is that the implementation of the Helms-Burton law, which irrationally intensifies Track One, does not mean the enemy is discarding Track Two.

Far from disappearing, the attempts to sow confusion and lack of faith in victory, and to divide the Cuban people to create unrest, peaceful resistance, and eventually disorders to give the most extremist Yankee circles pretexts for military actions, will increase.

The enemy will look for new paths to make inroads and to increase the ones that have already been established, through Europe and other points in our continent. In congruence with what has been stated, the enemy does not hide that its objective is to infiltrate a segment of the so-called nongovernmental organizations, which have arisen in Cuba in the recent past, so that, with this Trojan horse, it can further division and subversion here.

The theoretical shroud calls for presenting the infiltrated segment as part of civilian society, as persons such as White House adviser for Cuban affairs Richard Nuccio, views it. For us, civilian society is not what the United States interprets it to be. For us it means Cuban socialist civilian society, the one composed by our powerful mass organizations: the CTC [Cuban Workers Federation], CDR [Committee for the Defense of the Revolution], FMC [Federation of Cuban Women], ANAP [National Association of Small Farmers], FEU [Federation of University Students], FEEM [Federation of Secondary School Students], and our pioneers, whose top representative is here with us.

Civilian society is also composed of social organizations that as you know comprise combatants of the revolution, economists, attorneys, journalists, artists, writers, etc., and other nongovernmental organizations [NGO's] that function within the law and do not want to undermine the economic, political, and social system freely chosen by the people, and despite the fact that they have their own legal identity, and even a specific jargon, they and the revolutionary state have the common objective of building socialism.

In the world there are NGO's that do not obey the enemies of the people and many of them promote actions of solidarity with Cuba and have respect for Cuba's independence, national identity, and its socialist path. One symbol of this is the admirable and heroic Pastors for Peace, one NGO that represents the best of the North American people, for whom the Cuban people feel a sincere friendship [passage indistinct] more dependent than Puerto Rico and they seek allotments to meddle in our domestic affairs.

We must say we have been slow in analyzing carefully these maneuvers and in acting accordingly [words indistinct] without us reacting timely, taking one step

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today and another tomorrow, with the mixing of naivete and arrogance, by yielding class principles to the temptation of editing articles and books to the taste of those who can finance them, various companeros fell in the spider web spread by foreign Cuban experts who serve the United States' policy of promoting fifth columnists. This is what happened with the Center for American Studies.

Of course, we have to distinguish and we do so in this center and everywhere, between the Cuban academician who may have thoughts different from what is currently valid regarding any issue but who has a socialist position and uses the acceptable forms to do so, and the Cubanologist who has Cuban citizenship and is even a card-carrying member of the party but who disseminates his position for the satisfaction of our enemies. We also cannot confuse the enemy with our friend who is a foreigner or one who is not our friend but respects our sovereignty with the one that establishes stratagems to spy on us, to view recruitment possibilities, and that imparts ideological platforms that favor a change to capitalism. Both types of conduct are present in the universities, especially in Havana, in the film, radio, and television sectors, and in the culture sector in general. We have the conduct of those who are loyal to our revolutionary people and the conduct of a minuscule group with annexationist leanings, very different from the patriotic conduct that characterizes the majority of our intellectuals.

To illustrate how the enemy [words indistinct] Track Two, I will quote passages from a lengthy February 1995 article by a Cuban affairs expert, British academician [words indistinct] who resides in the United States [words indistinct] previously associated to the Central Committee and that now are called NGO's [words indistinct], the Center for American Studies and the Center for European Studies.

These two organizations were created in the 1970's to function as academic research tools of the Central Committee. Although the funds of the Central Committee are still significant, much of its budget now comes from foreign sources.

The article continues: The expansion of the NGO's was motivated by the events taking place in the Soviet Union and so was their promotion.

Glasnot allowed the proliferation of Soviet NGO's. By 1988, the Moscow press stated that about 40,000 clubs and associations had been created.

The close relationship between Havana and Moscow at the time, exposed Cuban intellectuals to many of these groups, which called for such things as freedom of religion, popular culture, protection of the environment, and socioeconomic development. The document continues: By 1990, the reduction of Soviet subsidies to Cuba began to weaken the state's capacity to face a broad variety of problems, including deforestation, housing problems, food shortage, medicine shortage, and electric power blackouts. NGO's successes showed examples of self-efforts of citizens and showed the economic conditions that needed implementing.

I continue quoting this academic: The Cuban state is uncomfortable with the NGO's. They are viewed as (?unions) because they have resources that would not otherwise enter Cuba and alleviate social tensions by resolving problems that the state cannot solve. Nevertheless, the NGO's are also suspect because they represent an independent source of income for citizens, whose desires not always agree with those of the state. The document states at the end: If Cuba continues with economic reforms aimed toward a market economy it is probable that the accompanying decentralization will provide greater opportunity for NGO's to germinate and will increase the strengthening effect of self-reliance provided by foreign donations.

Nevertheless, and I continue: While the single party system remains intact, Cuban NGO's will have to assume certain obligations with the state. The document concludes: Are Cuban NGO's government puppets or are they subservient to civilian society? The ideological reply is intellectually unsatisfactory. Both have similar characteristics, even though the latter grows very gradually. I am referring to the birth of a civilian society. Those are the most descriptive quotes of the article published by the academician I mentioned before who directs the Cuba Project at Georgetown University.

Believing that our shortages and the need we have for the greatest amount of contact abroad, precisely to explain our truths, would condemn us to impotence, some U.S. academic centers started direct and open meddling. In most of the cases with the unmasked support of the U.S. Interests Section in Havana. This is the case of (Pack World Service), which presents itself as an NGO located in Washington, D.C., with 3,600 members. This entity sent a poll covering the nongovernmental sector, we do not know how many Cuban institutions, claiming that the reason for the investigation was to have a more detailed profile of NGO's in Cuba and to facilitate dialogue and cooperation with similar U.S. organizations.

The poll demands information by asking, and I am going to quote the main ones. If you wish I can later show the several dozen questions sent, in Spanish, of course. Here are the main ones: membership, budget in dollars if possible, areas that programs and projects

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cover, if the relationship of Cuban-based NGO's with the government involves cooperation, conflict, or is neutral. Whether this has changed over the past 10 years, what the achievements have been, goals. Relations with other foreign NGO's, how was the legal status reached in practice, etc. Requests of a summary of the current state of NGO's in Cuba and civilian society in general.

As the saying goes, tell me your life story, insinuating a remittance of dollars. Just like that. The fair, balanced, respectful criteria in relation with those NGO's, which outside or inside Cuba dedicate their efforts to legal social, constructive, and even noble ends, which on many occasions are even heroic, such as depicted by Lucius Walker and his companions [Pastors for Peace], struggling against the criminal Yankee blockade, have already shown to be what our party understands a civilian society to be. And there is no need to repeat it.

Those, which in turn attempt to disguise NGO's from their role as subversive and counterrevolutionary organizations, created, subservient, bribed, and boosted by imperialism to destroy Cuba's revolution and independence, will have no chance to succeed in our country. Following our bitter experience with the Center for American Studies, we need to examine the work of the Center for [West] European Studies. The party needs to complete and in-depth study of what has been approved in this regard and to establish a single, uniform, and firm policy, which will allow us to work within today's international context, but within limits that are reasonable at this moment. This is to prevent them from becoming the instruments our adversaries intend. It is time for the study centers that are part of whatever organization, be dedicated to the studies and analysis of what the country urgently needs, within the established profile, and that the organizations play their proper roles.

Above anything else, the institutions have to meet our people's interests without losing their identity and language. Their researchers or those who lead them cannot ignore this at the time of debating and choosing positions in the workshops, seminars, or others in Cuba and abroad. Adopting a neutral or confused position to avoid a confrontation or dodge a complicated topic is to show an unacceptable weakness before the adversary. It is, in the end, like supporting the position he maintains. We have many recent examples of this. The lesson must also serve to prevent in our media the emergence of architects or schemers of ideas and concepts different from those that the Revolution endorses and defends. The print media, the radio, and the television, in which our people take pride, must from now on examine everything in light of the historic moment and those guidelines. This is the responsibility of those who head them, in addition to the party, security bodies, and the UJC [Union of Young Communists] and its members. With whom should we examine these problems? With everybody everywhere, not only with those who, with the [words indistinct] in their pockets, follow an ideology that is not ours and with whom we have to act accordingly, but also with those who [words indistinct] adopt a passive, complaisant, and irresponsible attitude in light of events that deviate them from the objectives for which the revolutionary state created them.

At the core of these institutions and in the entire academic field, we need an immediate analysis by the members of the party and youths on the role they played in light of negative currents that have been occasionally prevailing for a long time and that have a language apparently used by free thinkers. Actually, those who fall for copying ideologies different to our own [copismo desideologizante], pressured by our enemies, do not think on their own, nor do they act as revolutionaries. No one can give lessons of [word indistinct] flexibility to the Cuban revolutionaries, who train the people to [words indistinct] and decide since the times of the attack on the Moncada. They do it by resorting to the grass roots sectors and the prestigious figures of the [words indistinct].

Our social experiment is based on consensus and unity that, as Marti did, we do not mistake for artificial unanimity or a lack of union that breaks the nation apart and make it fall prey to foreign control. Another issue that deserves the most urgent attention of the Central Committee and the entire party refers to a version of glasnost, which lately has had certain [word indistinct] expressions in Cuba. The so-called glasnost did away with the USSR and other socialist countries. It consisted of handing the media, one by one, to the enemies of socialism. At the beginning, they appeared as innovators and champions at the time of [words indistinct] the people and later started erasing everything that was historically revolutionary, eliciting the consequences of which we all are aware, including the disintegration of the world's largest country.

Encouraged by this experience and with Marti's vision that, in times of war, the trenches of ideas are worth more than the trenches of stone, we Cubans keep and will keep the media genuinely free, which will be useful for the people's freedom, not for the exploiters on the lookout [words indistinct]. All this is clear; the renowned domestic and local media remain loyal to Cuba and have improved their constructive criticisms and truthful information.

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But we have lowered our guard. We have stopped overseeing the observance of our own rules, and publications have appeared that, in a shameless manner, peddle many of their pages. Of course, they suggest that they will receive foreign donations without giving up anything. And they also use funds given to them by some cultural institutions of the country.

By the way, these publications, as well as certain interesting and politically correct materials [words indistinct] barely differentiate themselves from those which U.S. academicians, who are enemies of the revolution, write. They use a supposedly revolutionary language that seems destined to be a smokescreen for their true intentions.

In this and other equally strategic fields, the party cannot tolerate officials who act on their own.

Even meddling into tasks that belong to other organizations and establishing cooperation without the proper authorization of their bosses. There are those, who lacking the authority to do so, perform foreign relations activities, or worse yet, there are those, who acting on their own, establish contacts with special foreign services, meaning, foreign espionage services. Although, they may conduct espionage work with the best intentions in the world, we are not prepared to allow these conducts from [word indistinct] on the loose to hinder the responsible and dedicated work of those who are empowered by the law to conduct it. Likewise, they also introduce false signals into such complicated and sensitive affairs.

We want these slowly spoken words to help them understand how serious this is and that they come to realize that we will not continue to allow it. Starting from this detailed examination, today as much as ever, we all need to have as our main working goal to keep the role of the party leader amid the changes and amid old and new problems, which we have referred to. What the enemy does on the ideological front serves to weaken the guarantees offered by a scientific leadership and the revolutionary and heroic work of our people.

We cannot forget that the commander in chief and the party are the preferred targets of the enemies of the revolution, who carry out attacks from all directions. The party has not remained static, it is taking, and will take, all measures that are necessary to face current and future challenges in all fields, particularly in the ideological field. Ideological work is not only the work of the corresponding department of the Central Committee, but of every and each political leader. It is also the work of government cadres, the youth, and other mass and social organizations.

Ideology has been the revolution's main weapon. We learned this from Fidel with the assault to the Moncada Barracks in the name of Marti and to wage the war of liberation, in which the Revolutionary Armed Forces [FAR] were born and forged 40 years ago. The FAR were born practically without any armament, but with everything when it comes to history because it was born from the people. Its best school has been the struggle and an example attests to this: For centuries the Battle of the Thermopylae has been the great legend. Even though they died heroically, three hundred Spartans were unable to defeat the Persians, thousands of them and better armed. With the commander in chief, to defeat the last offensive of the tyranny in the summer of 1958, barely 300 rebels resisted 10,000 soldiers who had tanks, artillery, and an air force, including three frigates in the Caribbean to the south of the Sierra Maestra, which were firing upon them. And they knew how to conquer victory. What made them invincible was knowing why they were fighting and their confidence that they would triumph.

Centuries have passed and, although our enemies today deny it, this was the victory that determined the war and, as Che said, that broke the backbone of the tyranny's army. They will talk about it like they talk about the battle on the Thermopylae pass, with a difference. They died heroically and they all perished but the 300 rebels who were in the Sierra Maestra at that time, under the leadership of the commander in chief, defeated the enemy. [applause]

Remember the bombardments against several airports in the country on April 15, 1961. Remember the funerals of the first victims. Remember the proclamation of the revolution's socialist character supported by the working class, which gathered on 12th and 23d Street, close to Colon Cemetery, with its rifles held high. Remember the 17th, and the next day, when this same working class went to fight for socialism in the Bay of Pigs.

Therefore, we also learn from this that the proletarian ideology was our main artillery piece at the sands of Playa Giron, 35 years before, and in the centennial of Maceo's heroical death, we take his example and the message that a word synthesizes: Baragua! [applause]. With his usual vision, the commander in chief said at the first party congress two decades ago, quote, as long as imperialism exists, the party, the state, and the people will grant the highest attention to the defense services. The Revolutionary Guard will never grow careless. History has shown too eloquently that those who forget this principle do not survive the mistake, unquote. That is what the commander in chief said over a quarter of a century ago, or 20 years.

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This is an opportunity to remember those ideas and to add that the existing unipolar world and the events that have occurred in our country in the last six years, have eloquently shown the soundness and permanent validity of Comrade Fidel's thoughts. Events have also shown that, as it has been recently seen, the international situation can change abruptly in a week and bring us face to face with very critical situations. However, a country's preparation for its defense, particularly in our case, with the enemy we have, requires decades of systematic work. Now, more than ever, we must put the party's ideological work on a level with the homeland's combat missions.

Let us intensify our daily, unremitting, and increasingly more efficient actions for the truth, striving for the conscience of every Cuban man and woman, old and young, black and white, members of one social class or another. We exclude the minority of wealthy people who support the enemy: the annexationist traitors, the lumpen. We have and will always have socialism, but the only possible socialist system in Cuba at this point requires us to increasingly assimilate such difficult factors as the monetary-commercial relations and even certain capitalist elements to be able to incorporate our economy into the world economy, controlled by the monopolies of the imperialist [word indistinct] being partners and rivals at the same time, with a rich north and poor south.

As the commander in chief has pointed out: Such a complicated situation requires that we struggle for our socialist goals with supreme efforts, hard work, and great intelligence. Our actions must be guided by a fundamental tenet: Whenever we must implement actions dictated by the circumstances, we must strive to maintain our revolutionary purity. Fidel has confidence that the militants and the most alert sectors of the population understand that we cultivate virtue by fighting vice, because our people can never be a people sheltered in a crystal tower. On behalf of the Politburo and to summarize, we have discussed a series of issues, all linked to the complex and difficult situation faced by the revolution in recent years.

We believe that by discussing the problems directly and by identifying them clearly, our Central Committee and the other leadership organizations of the party will have a better chance to face them with both the thoroughness and the systematic approach they demand. An indispensable condition to accomplish this mission is, above all, to have a strong party, which will increasingly and continually improve its operation and will ever more increase its prestige before the masses, precisely in this critical historic context. The holding of this plenum contributes to promoting these objectives, and we have the profound responsibility of guaranteeing them. Comrades, this Politburo report has concluded. [applause]

Cuba: Minrex Gives U.S. Airspace Violation Information

PA2903034696 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Mar 96

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban Ministry of Foreign Relations [Minrex] has confirmed that the Cuban Government delivered to the United States all the information it has concerning the violation of Cuban airspace on Saturday 23 March and Sunday 24 March by planes originating in U.S. territory.

Minrex spokeswoman Marianela Ferriol made the announcement during her regular weekly news conference with national and foreign journalists.

[Begin Ferriol recording] They have requested information, and we have provided all the details available at this time on those incidents. At this point we are in the process of exchanging information and clarifying the incident. We are in that phase right now. We are exchanging notes and information. [end recording]

On the same subject, she added that with regard to the violation of Cuban airspace last Saturday and Sunday, the Minrex summoned the diplomatic corps early this week to inform them of the incident.

[Begin Ferriol recording] We understand that since 24 February the U.S. Government announced a number of measures to prevent the violation of Cuban airspace, or to try to prevent those violations. On this occasion, we deemed it necessary to inform the diplomatic corps of this new violation of the Cuban airspace. When I refer to one violation I am speaking in general terms, because there were actually two violations, on 23 and 24 March. We thought it was important to inform the diplomatic corps of these incidents, the status of the talks and the efforts to clarify all the details. Therefore, we decided to share the information we had with them.

In addition, we find it strange that although on 24 February U.S. authorities were capable of detecting the violation of our airspace and other details concerning that incident, this time they are not capable of detecting this new one or providing any information. In other words, we find it surprising that authorities and powerful means having a vast technology should have no information or details on this violation, which indeed occurred. [end recording]

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Regarding previous violations of the Cuban airspace, particularly the 24 February incidents, when two pirate planes overflying Cuban jurisdictional waters were shot down, a mission from the International Civil Aviation Organization, ICAO, is currently in Havana. Cuba invited ICAO to investigate the causes, circumstances, and background surrounding the incidents.

[Begin Ferriol recording] We must mention that according to ICAO rules and regulations, any investigation in progress or in the phase of implementation is conducted under absolute secrecy and confidentiality. Therefore, I must respect the rules that ICAO has established for the investigation process. [end recording]

Cuba: FMLN Delegation Expresses Support, Prepares Forum

PA2903043296 Havana Cubavision Network in Spanish 0100 GMT 27 Mar 96

[From the "NTV" newscast]

[FBIS Translated Text] An FMLN [Farabundo Marti National Liberation Front] high ranking delegation is visiting Cuba. The delegation is made up by Jorge Shafik Handal and Eugenio Chicas, both members of the FMLN's political commission.

Handal explained the goal of the visit.

[Begin Handal recording] We have come to Cuba to express our solidarity with the Cuban revolution against the Helms-Burton law and the United States' renewed preponderance towards Cuba. We have also come to continue our common effort to prepare the Sao Paulo forum. The 6th meeting of the Sao Paulo forum is going to take place in San Salvador in July. The conference will be inaugurated on 26 July with a huge public event dedicated to the 26th of July anniversary, the assault on the Moncada Barracks and what this meant to Latin America. [end recording]

Some of the causes of the economic and social situation were also broached by Handal.

[Begin Handal recording] The problems have gotten worse. Poverty has increased and the situation is now worse than before. Crime has increased greatly. There is a very strong crime wave, a consequence of the population's poverty. Additionally, there is also a true decomposition of social structures, an increase in drug trafficking, money laundering, and organized crime gangs, etc. [end recording]

Cuba: Report Views Issues Discussed at CTC Congress

PA2603224296 Havana Radio Rebelde Network in Spanish 1255 GMT 22 Mar 96

[Report by Demetrio Villaurrutia and Margarita Torres from the "Doing Radio" Newscast]

[FBIS Translated Text] [Villaurrutia] One of the main issues discussed during the CTC [Cuban Workers Confederation] provincial conference that took place recently in Havana, and which I and everyone else believe will also be included in the agenda of the upcoming national congress due to its strategic significance to the country, was the one related to the cases of loss of ethics and corruption in sectors described as engines [locomotores] of the Cuban economy.

In this particular case, reference was made to the tourism industry, which as all well know, is the industry that provides the most revenue to the country, and to the image the comrades working in this sector should convey in order to encourage more tourists to visit the country.

As part of this corruption and loss of ethics discussion, reference was also made to how we, the CTC, should work more closely with the party in order to ensure the attainment of objectives. There is also another proposition that runs parallel to this which is also fundamental [words indistinct]. Issues such as preserving the efficiency of the state agencies, or ensuring that the state agencies become more efficient, cannot be separated from commitment at work centers.

For example, specific mention was made of Hotel Vedado and Hotel Nacional where the union decided to dismiss several workers who had been admonished for lack of discipline, and how there had been resistance from management itself.

[Torres] Please forgive me for interrupting, Demetrio. I would just like to add that several of these workers were active party members.

[Villaurrutia] Exactly. Then, to continue, in this case, Comrade Esteban Lazo, member of the political bureau, raised several questions with respect to what the party members were really doing there, or what... [pauses]. In other words, he asked what defense workers would adopt during an economic efficiency or workers assembly when these cases of loss of ethics or corruption arose. It is claimed that when unions fail to staunchly demand sanctions of those ethics and corruption violations, in many cases, there were no sanctions. It is for this reason why I would like to bring up Comrade Esteban Lazo's speech during last weekend's congress

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which took place barely 48 hours ago. Although it is an address made during the Havana provincial congress, I believe that the content is valid for the entire country.

[Begin Lazo recording, in progress] ...Now, what this is all about is that [words indistinct], is that we can accomplish tremendous economic progress if the economy grows by 5, 6, 10, or even 15 percent. However, if we do not uphold our revolutionary values and principles, if we do not defend the dignity of man, defend integrity, solidarity, sensibility, then even if we achieve a 20 percent growth, we can never aspire to build socialism. Socialism is not only economic growth, it is also the individual, it is the individual's values in society. If we expect to strengthen socialism, which is the ideology of the working class, and expect to defend that ideology, then it is insufficient for us to simply call workers to work more and to produce more efficiently. We must also encourage these values.

When you are convinced [words indistinct] is because we jointly have to develop mechanisms to fight against all these kinds of procedures. The group best suited to ensure this objective is the workers. During efficiency assemblies workers should be called to account for their lack of productivity. When a worker detects violations, then the workers' assembly should immediately be made aware of this. What worker is able to resist such a force? This is the strongest force we workers have to deal with: corruption, lack of discipline, as well as frivolous trends. These things sometimes occur because they contrive with other [word indistinct] and materialize. They also develop because of situations within the party itself. The party also has to bear its share of blame. I am not going to cover for the party and [word indistinct] the union worker. [end recording]

[Villaurrutia] We have just listened to part of the speech by Politburo Member Esteban Lazo, first secretary of the party in Havana.

[Torres] Well, Demetrio, with respect to what you just said, I believe that it is for this reason why there was so much mention made of the unity factor, which is something we have to achieve in our society. There must be more unity between the union officials and the party. Whenever each organization goes its own way, and no one wants to deal with a problem, that is most often when problems tend to develop. In his address during the CTC provincial congress, National Assembly President Ricardo Alarcon referred to this need for unity, and for workers and party members to set examples.

[Begin Alarcon recording] We should also keep in mind that when we speak of these so-called economic engines, there are some comrades in this country whom I personally believe perceive this topic with a certain degree of skepticism. There are sectors of the economy that are not viewed as engines of the economy, and more affected than others on account of the conditions posed by the special period. Those sectors viewed as economic engines are those that can pull and move the rest of the national economy. However, keep in mind that not everything is peaches and cream with these sectors. It is precisely to these sectors that the enemy is concentrating most, if not all, of its attention at this time. It is a fact that if we fail in the ideological, political and the awareness areas, we still have to deal with Helms-Burton. In addition, Helms-Burton is expressly designed to block our economic engines. It directly aimed at making the progress of our economic engines more difficult. This should lead everyone to the awareness that workers, revolutionaries, active members, have been entrusted with a special duty. They must guarantee that the engines continue to operate thoroughly, that efficiency is at its optimum level so that there will be no openings to allow these individuals, so aptly described by Comrade [Esteban] Lazo, to slip through. [Words indistinct] that is easy, that we have sectors that are solid, that the country will continue to grow, that this is a Caribbean country like any other, where people will travel, reserve a hotel, and travel to that country. This is a country where in order for the tourism sector to develop, for the investments to continue, it has to wage a frontal war against the strongest nation on the planet. That nation has no qualms to do what it says it is going to do by approving a law that calls for precisely what we have just mentioned. This law says it is going to do everything possible to stop our economic engine. Then how are we going to afford ourselves the luxury of allowing individuals in these sectors who have not yet understood that they are at the forefront of this country's most important political, ideological, strategic security battle, to continue where they are? This principle also has to be applied to those responsible for administrative matters in these sectors, but most of all, as Lazo said, to party members and workers, the owners of... [end recording]

[Torres] Well, we just heard part of Comrade Alarcon's address. It is those sectors described as economic engines, in this case the tourism sector, that are more susceptible to this type of criminal activity. Unfortunately, I tend to believe activities such as petty theft, loss of ethics, and criminal activity in general, is common to every sector. There is a need for unity between union management and workers, and the party to prevent this behavior from spreading. There is a Helms-Burton law that, without a doubt, will affect our economy. However, in every sector of the economy, crime cripples as much as the Helms-Burton law.

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Cuba: Radio Sponsors Contest To Commemorate Anniversary

PA2903035396 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Mar 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Radio Havana Cuba will celebrate its 35th anniversary in 1996; therefore, we invite you to participate in our international contest.

You need only to answer the following question: What has Radio Havana Cuba meant to you these past 35 years? Five participants with the best answers will receive a seven-day trip to Cuba with all expenses paid by Sun Enterprise [words indistinct] a Cubana de Aviacion tour operator and Radio Havana Cuba. In addition, 10 people will receive honorable mention. All participants will receive souvenirs.

Become one of the winners and celebrate our 35th anniversary with us. Have your answer ready right now and send it to our mailing address: Radio Havana Cuba, P.O. Box 6240, Havana, Cuba. Entries must be received by 31 March 1996.

Caribe Representaciones Tourism Company and Radio Havana Cuba invite all Colombian radio listeners to participate in a new contest to commemorate the 35th anniversary of this radio station. My friends, you could win one week at the (Coli) Hotel in Havana with all expenses paid. You need only to answer the following question: Who is the number one Cuban tour operator in Colombia, and what tourism packages does it offer? Send entries to Caribe Representaciones Ilimitadas, 19th Avenue #474, Suite 2101, (Copava) Building, Santa Fe de Bogota, Colombia. The winner will travel to Havana from 28 April to 5 May 1996 and will take part in celebrations commemorating the 35th anniversary of Radio Havana Cuba.

Caribe Representaciones will give away a seven-night stay at the (Coli) Hotel with daily breakfasts, lunches, and dinners, as well as airfare tickets free of charge.

Cuba: Roundup of Economic Developments Through 26 Mar

PA2603193996

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 26 Mar.

A large donation, 80 million pesetas or the equivalent of approximately $640,000, from the Cantabria Autonomous Region is expected to arrive aboard a ship at the port of Havana next Sunday. The donation consists mostly of medicines, gathered by the Laredo Red Cross. (Havana Radio Havana Cuba in Spanish 0000 GMT 20 Mar 96)

As the result of the pollution of public spring water and the deficient distribution system, the marketing of mineral water has increased to an annual average of 10 percent in the past decade. This is why the work of the joint Italian-Cuban enterprise Los Portales is important. Sales manager Orlando Beltran comments that the enterprise's purpose is to produce mineral water, first for export and then for the local market. The enterprise has been authorized to operate with a $12 million capital. The spring is located in Guanes, Pinar del Rio province. (Havana Radio Havana Cuba in Spanish 0000 GMT 20 Mar 96)

According to a PRENSA LATINA news item datelined Mexico City 20 March, the Cuban tourism enterprise Cubanacan today reported that the number of Mexican visitors to Cuba in the first few months of the year increased by 26 percent over the figures for the equivalent period in 1995 and that this result has been attained without resorting to discounts or other enticements. Cubanacan plans to expand its commercial relations with the leading Canadian, European, and Latin American tourism enterprises. (Havana PRENSA LATINA in Spanish 1605 GMT 20 Mar 96)

According to a PRENSA LATINA news item datelined Havana 21 March, strategies of competitiveness, investment, and excellence of service are some of the most important subjects to be debated in the 2d Ibero-American Meeting for Tourism Development, which opened in Havana today with the participation of more than 15 countries. (Havana PRENSA LATINA in Spanish 0550 GMT 21 Mar 96)

According to a PRENSA LATINA news item datelined Havana 22 March, Italy's participation in Cuba's telephone system can be very beneficial for Cuba, Gino Egidio, vice president of the Cuban Telecommunications Enterprise (Etecsa), said. The enterprise, created in 1994 with Cuban and Mexican capital, recently associated itself with with Italian corporation Stet. (Havana PRENSA LATINA in Spanish 2149 GMT 22 Mar 96)

Cuban Transport Minister General Senen Casas Regueiro remarked that some aspects of the system can be improved and that it is necessary to establish a more appropriate relationship between wages and performance. (Havana Radio Rebelde Network in Spanish 1800 GMT 22 Mar 96)

Cuba has more than 100 negotiations under way for foreign capital investments in tourism, which will yield financing, advance technology, and markets. The biggest transactions with foreign partners include

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possible joint investments covering approximately 13,000 rooms worth $1 billion. Delegates from 17 countries attended the Second Ibero-American Tourism Development Meeting. They recognized tourism's decisive role as a boost to the area's economic development. The meeting was hosted by Cuban Tourism Minister Osmany Cienfuegos. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 23 Mar 96)

(Gino Igiduo), commercial vice president for (Etecsa), an Italian telephone firm, said in Havana on 22 March that the participation of Italy in the Cuban telephone system can only benefit both sides judging by Italy's broad experience. (Etecsa) has just completed a new four-volume telephone book for Cuba, which replaces the previous one published 16 years ago. The Italian group has recently joined the Cuban telephone system with a 12.5-percent share package. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 23 Mar 96)

Camaguey drought and food shortage has claimed an average of 90 heads of cattle every day, thus a cattle emergency has been declared. Camaguey is the country's largest cattle producer. Each cow has to drink at least 120 liters of water a day. Underweight cattle not only reduce meat availability, but affect milk production as well. The last time it rained in certain areas of Camaguey was on 10 October 1995. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 23 Mar 96)

Miguel Rodriguez, director of the agro-industrial national rice union complex, said that Cuba will undergo the biggest winter rice harvest of the last eight years, totalling some 2,800 caballerias. Granma and Sancti Spiritus Provinces will start the campaign during the first 10 days in April. Rodriguez said that 181,000 tons of rice are expected to be produced, thus exceeding the 1995 harvest by 80 percent. Cuba requires some 500,000 tons a year for domestic consumption. (Havana Radio Rebelde in Spanish 1800 GMT 23 Mar 96)

Holguin Province metalworking and electronic firms will reach a record high production. Work plans were met in 1995 with a 59- percent production increase. The work plans include the conversion of 245 sugar combine harvesters to KTP-2M, the manufacture of agricultural tools, the repair and exchange of gasoline motors for diesel and soil preparation discs, the manufacture of more than 45,000 bicycles, and iron and steel smelting. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 24 Mar 96)

According to a Havana, 23 March datelined item, the Cuban Gran Caribe hotel group will be building several large projects during 1996. The first will be a 1000-room hotel at Varadero beach. Also, the Villa Linda Mar will be built in Cayo Largo del Sur. There, the Hotel Pelicano will be enlarged and remodeled. In Ciego de Avila Province an additional four hotels will be built in the northern keys, with one in partnership with the Accor French group. Gran Caribe currently has approximately 7,000 rooms and will increase this capacity in 1996 with an additional 509 rooms with the completion of a hotel in Varadero and another in Cayo Guillermo. (Havana PRENSA LATINA in Spanish 1118 GMT 23 Mar 96)

Alimexpo '96 Food Fair held in Havana's Pabexpo, closed on 23 March after completing $22 million worth of operations. The previous fair completed $16 million worth of operations. Organizing committee member Humberto Cabezas confirmed that this was the most important of the five previous fairs. Participants include 54 foreign firms from 13 countries, 19 of mixed capital, and 89 Cuban. Prizes for best quality and stand design went mostly to totally Cuban firms and those in partnership with foreign capital. The quality and attractive stand prizes went to the Cuban-Russian firm Confitel; Stella, S.A., a joint firm with Italian capital; Alamo, Tauro, and Confruve, which are totally Cuban. The Cuban food industry is showing signs of reactivation after a six-year decline. "Even though the recovery still does not reach the table of 11 million Cubans, many tourist sector supplies that were imported until recently, are now supplied by local firms with competitive technical and quality levels." (Havana PRENSA LATINA in Spanish 0003 GMT 24 Mar 96)

Aruba

Aruba: U.S. Complains to Netherlands Over Crime Money

BR2803115296 Amsterdam DE VOLKSKRANT in Dutch 26 Mar 96 pp 1, 3

[Report by Willem Vergeer and Pieter den Hollander: "United States Complaining About Aruba"]

[FBIS Translated Text] Rotterdam — The laundering of crime money by way of transactions through Aruba and to a lesser extent through the Netherlands Antilles, is a growing problem for the U.S. Government.

More and more often Colombians and Panamanians suspected of drug transactions refer to Aruba as a suitable transit place for drugs and black money. In addition, close aides of Panamanian President Noriega, who was arrested on charges of drug trafficking, confessed to U.S. authorities that drug money is being handed over to non-specified Aruban politicians. Banks in Aruba are

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guilty of laundering crime money from the Cali cartel in Colombia.

This was communicated to the Netherlands ambassador in Washington, Mr. A.P.R. Jacobovits de Szeged, during two meetings with Mr. Winer, a U.S. official responsible for international narcotics and judicial affairs. This appears from two very confidential memorandums the ambassador sent to the Foreign Ministry, which were transmitted to The Hague in coded form on 12 May and 14 December last year, under the headings "Code Message FA-Confidential" and "STG-Confidential."

Diplomat in United States Called To Account

In the presence of his adviser Hesse (expert in the field of laundering affairs) and Mrs. Friedman (from the U.S. Justice Department), Winer called the Netherlands diplomat to account for what he describes as a "very serious problem."

Throughout the 1990-1992 period alone, Winer claims the flow of suspect money from Aruba to the United States sextupled from $56 million to over $330 million a year.

To illustrate their great concern, Winer and Hesse referred to the fact that Aruba's General Prosecutor Mr. J. Zwinkels had announced as early as in 1994 that several legal measures would be taken to stop the laundering of crime money. Today, these measures are still not in effect, Winer and Hesse complained to the Netherlands diplomatic representation in the United States.

The memorandum from the Netherlands ambassador shows that they referred more specifically to the indicted members of the M. and H. families and to the Aruban businessman R.H., who are still unjustly free. The extradition treaty between Aruba and the United States is still not in effect.

Many sources within Aruba's opposition assume that the present Eman Government has deliberately stopped the so-called legal assistance treaty with the United States on the basis of procedural errors. As a result, the draft legislation is still not applicable.

Netherlands Minister Voorhoeve, who is responsible for Aruban and Antillean affairs within the Kingdom, says a reaction is "not expedient" at this point. He will await further discussions with Aruban President Eman early April. At that moment, the Netherlands Government will also announce its decision on a possible intervention in Aruba's national administration.

Haiti

Haiti: Report on Clinton Promise of Additional Aid

PA2903044596 Port-au-Prince Signal FM Radio in Creole 1230 GMT 28 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The Clinton administration has promised to help Haiti progress economically. For this, President Clinton has asked Congress for $105 million in additional aid to Haiti for the 1997 budget year. For fiscal year 1995-96, the aid the United States will give to Haiti will amount to as much as $220 million. During his meeting with Haitian President Rene Preval in Washington, President Clinton renewed the commitment of the United States to aid the reforms being made in Haiti in order to have economic progress along with democracy. President Clinton's deputy adviser for national security stated that economic questions dominated the talks that took place between these two presidents. President Preval presented a picture of Haiti, a picture of a country that would like to make some progress but that is facing many obstacles, including unemployment and the infrastructural problem.

There is a team of sponsors that will visit Haiti between 15 April and 15 May, during which time the agreements should be concluded between the Haitian authorities and the representatives of the IMF, the Inter-American Development Bank, and the World Bank.

Haiti: Parliament, Executive Disagree on Community Law

PA2803225796 Port-au-Prince Signal FM Radio in Creole 1230 GMT 28 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] There is a dispute between the executive branch and the legislative branch over the law on the territorial communities. The Senate of the Republic has returned the law on territorial communities to the executive branch. The Haitian parliamentarians put forward Article 132 of the Constitution stipulating that the executive branch had a time limit of eight days to return to the Haitian parliament any laws sent to it [for ratification and promulgation] and that it is up to the legislative branch to make corrections to it after that. The Senate vote on the legal text concluded on 14 February. It was handed over to the executive branch on 27 February. Then, it was returned to the parliament on 22 March, that is 20 days later, for modification. While admitting that the objections raised by the executive branch may be justified, Haitian Senate President Leblanc explains that the time limit of eight

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days, which was allowed for this by the Constitution, had expired, and he rules out the possibility of the legislative chamber accepting to revise the text.

The reservations of the executive branch are notably on the fact that the legislative body granted financial autonomy to the communal sections. The executive branch suggested the concept of administrative autonomy while pointing out that the communal sections do not provide many resources and that they work thanks to budget allotments included in the budget of the municipalities. A section is not a grouping of dwelling places as mentioned in the text and it [words indistinct] a development police. It cannot have anything to do with a development plan, according to what the executive branch points out, while fearing that the territorial communities might be considered an independent entity without any link with the central power.

Several parliamentarians, including Chamber of Deputies President Fritz Robert Saint-Paul have also rejected the idea of reconsidering the law on the territorial communities, citing Article 122 of the Constitution. This position was also expressed by Deputy Gary Guiteau. [passage omitted]

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Mexico: Zedillo, Peru's Fujimori Reject Helms-Burton Law

PA2903031496 Mexico City NOTIMEX in Spanish 0653 GMT 27 Mar 96

[FBIS Translated Text] Mexico City, 27 Mar (NOTIMEX) — Mexican President Ernesto Zedillo and Peruvian President Alberto Fujimori strongly rejected the U.S. approval of the "Cuban Liberty and Democratic Solidarity Act," better known as the Helms-Burton law.

In a joint declaration last night during President Fujimori's official visit to Mexico, the two leaders expressed concern about the act, which they say violates the principles and norms of international law, the UN Charter, and the World Trade Organization (WTO) Charter. The presidents added that the U.S. laws ignore the fundamental principle of respect for the sovereignty of states, which means an extraterritorial application of internal regulations in opposition to international norms.

Carlos Almeda, social communications director of the Mexican Presidency, read the joint declaration, which emphasizes another viewpoint on the future negotiations with a view to signing a free trade agreement between Peru and Mexico.

In the declaration, the presidents also reiterate the need to confront the serious damage caused by the consumption, trafficking, and production of drugs.

Likewise, they expressed the decision of the two governments to combat illicit activities and crime in all their manifestations including money laundering, the trafficking of chemical recourses, and arms trafficking, including other crimes.

They also stated that they strongly condemn terrorism in all its manifestations at the national and international level, and they pledged to prevent, punish, and eliminate terrorist actions, methods, and practices.

The presidents called the international community to conclude before 30 June the negotiations on a Treaty for the Complete Prohibition of Nuclear Tests, and they welcomed the fact that Latin America and the Caribbean will be the first zone free of nuclear weapons.

They also stated their satisfaction with the signing of a new, basic agreement for technical and scientific cooperation, as well as other agreements on educational and cultural affairs.

Once the joint declaration was read, the Peruvian president said the principle of full respect for sovereignty and the principle of non intervention must be strengthened in Latin America.

Fujimori stated his belief that Latin America expects its presidents will handle internal and external policies with more openness and that things will be called by their true name.

He said the agreements included in the joint declaration demonstrate that his three-day visit to Mexico achieved more than what was expected; thus, he believes the state visit was fruitful.

Meanwhile, President Ernesto Zedillo said he and his Peruvian counterpart agreed to maintain frequent political contacts both through the Foreign Ministries and on a personal basis.

He said: It is a matter of coordinating in a greater fashion joint positions on third countries and multilateral affairs.

Zedillo stated his confidence that President Fujimori will again visit Mexico in a not too distant future, and the Peruvian president invited his counterpart to make a state visit to Peru soon.

The two presidents bid each other farewell, and President Alberto Fujimori later held a news conference, with which he concluded his state visit.

[Mexico City XEW Television Network in Spanish at 0400 GMT on 28 March broadcasts a report on the conclusion of President Alberto Fujimori's visit to Mexico, saying: "Hours before departing for Lima, Peruvian President Alberto Fujimori had breakfast with Mexican businessmen who comprise the CEMAI [Mexican Businessmen's Council for International Affairs]. He confirmed that negotiations for a free trade agreement between Mexico and Peru will begin in May."]

Mexico: Italy's Scalfaro Expresses Support for Free Trade

LD2803193996 Rome RAI Radio Uno Network in Italian 1800 GMT 28 Mar 96

[FBIS Translated Excerpt] The visit of [Italian] President Oscar Luigi Scalfaro has officially begun in Mexico City. He promised the Italian government's support for the plan to create a free trade area with Europe. Luciano Fraschetti: [Fraschetti] Mexico asked Italy, in its current role as president of the European Union, to give support to its strategy which aims at the creation of a preferential relationship with Europe, not only economic but also political. Zedillo Ponce de Leon was precise in his official speech in the National Palace, currently the residence of the president but formerly that of the Spanish viceroy. [passage omitted]

Scalfaro spoke of the constitutional limits to his power, different from that of the Mexican president who is also

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the head of the government. But this does not mean, he said, that the commitments we make here are empty ones.

[Begin Scalfaro recording] You hope that a free trade relationship can be established with the European Community. You know France's position, its reservations. You know the favorable, enthusiastic attitude of Spain toward you. Italy has the task of mediating. It will do so with great intensity. [end recording]

[Fraschetti] For this reason, Scalfaro added, this morning he spoke by telephone to Prime Minister Dini, on the eve of the Turin inter-governmental conference at which Italy will be fulfilling its role of president of the European Union, and at which there will be no failure to put Mexico's question on the negotiating table as well.

[Begin Scalfaro recording] The prime minister confirmed to me that it is his great hope, a concrete hope, that this year will not end without this relationship being sealed. He also confirmed to me Italy's commitment to you. [end recording]

Mexico: PRI President Says Party Seeks 'Change'

PA2703182396 Mexico City EL FINANCIERO in Spanish 25 Mar 96 p 50

[Report on interview with PRI President Santiago Onate Laborda by Javier Rodriguez; place and date not given — quotation marks as published]

[FBIS Translated Text] [EL FINANCIERO] Although on the outside it is still hard to believe, the PRI [Institutional Revolutionary Party] is immersed in a serious process of change, PRI President Santiago Onate Laborda has said, and it is seeking change, he affirmed, to remain in power. During an interview with EL FINANCIERO, he gave explanations, pointed to where the change is headed, and talked of other political parties, PAN [National Action Party] in particular, that with the force of slurs, insults, and lies wants to snatch the power the PRI has held since its founding in 1929.

Onate acknowledged that at the present time there is no room for hegemonies, and electoral campaigns are much more difficult. And this is precisely another reason that compels the ruling power to change.

At any rate, he did not agree with the remarks by PAN members from all levels who already believe themselves the winners of the federal elections in 1997 and the presidential elections in 2000. He understood, however, that "competitions are today more open, and hence it is natural. I would say even part of the political propaganda strategy of any party, to say it is going to win."

He countered, however: "I believe that Mexican society has been able to appreciate what is the true capacity of the PAN when it holds public office. In my opinion, also, the PAN has not analyzed what is the degree of its real growth, and where the votes come from. Betting on disgruntled voters can be extremely complex when one is exercising public authority."

[Onate] It would appear that PAN is basing its expectations of victory on the mistakes the government has made, and on the appearance of a weak PRI immersed in a restructuring phase.

Yes, citizen dissatisfaction exists regarding the specific results of different government policies. The effects of the 1995 crisis, and the slowness with which growth and economic recovery are coming, influence the voter, but those are not the only values a voter takes into consideration.

The party is aware that it has to change and reformulate its strategies, its platform, and its action program. Betting that the PRI will not renew itself as a condition to win seems to reveal (that PAN) has little confidence in its own proposals.

If the only way to clinch victory lies in the deficiencies of government polices and the weakness of the opponent, then one is not very sure of one's own strength.

[EL FINANCIERO] Another topic that has come to the fore is the discussion of the ideology of the political parties, and ever since Felipe Calderon Hinojosa took control over PAN, that party has talked of claiming for itself the center, putting the PRI to the right. It was obligatory to ask Onate if based on that context and with those antecedents, whether the PRI seeking a definition on ideological-political terms.

[Onate] In that PAN definition we are really facing the normal effect that mirrors produce.... my stance, however, is that the PRI has to define itself with regard to the interests of the majority and the historic context.

[EL FINANCIERO] Talking of the historic context, he added, "does not mean returning to the policies of the past. That would be reactionary, even. We must act facing a new situation, but with a content of ideals that are not modified. We continue struggling for social justice and democracy because that is built day to day."

[Onate] The essential postulates of the revolution are largely found in the uplifting of the people. Divisions of a military nature no longer exist, but polarizations created by wealth and poverty continue to exist, that polarization did not disappear. It did not disappear with the Berlin Wall, it continues to exist between different competing areas and markets.

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[EL FINANCIERO] The PRI leader pointed out that ideological definition is an issue that is up to the party to develop and formulate, but stipulated that "Personally, I believe that the classification of center corresponds more to positions adopted by a government and not a party.

"A government in a democratic model — the PRI leader explained — must seek to establish a certain degree of balance between existing forces interacting within the traditional left and right system, and must place itself between these two boundaries."

For political parties to adopt centrist positions, according to the PRI leader, "it entails ending up being somewhat ambiguous. This is not a position a party should adopt. It is the political parties' duty to be partial. Political parties cannot encompass the sum total of public opinion, neither can they be neutral in their proposals."

[Unidentified EL FINANCIERO interviewer] What is the party's expectation with respect to ongoing opposition? Undergo a transformation in order to remain in power or advocate its nationhood project?

[Onate] I believe this is a main issue. The most important thing is the nationhood project, which according to the PRI's concept, requires conditions of democracy to exercise power. The party is not working exclusively to profit or to simply remain in power, but because it is searching for a victory that will translate into a nationhood project that includes justice and welfare.

[Interviewer] Would the PRI accept proposals that include alternating power, most of all if it would benefit the nationhood project it proposes?

[Onate] The PRI is willing and it has always been open to democracy. If, during a genuine election process, the results were to favor another political party we would acknowledge the results just as we have done in those communities where we have lost. What we are not willing to do is to say that democracy exists only where there is a condition of alternation. Alternation is an effect of democracy, it does not define democracy, but it can be a consequence.

[EL FINANCIERO] The party, the PRI leader acknowledges, seeks democracy, more clear-cut settings in which to compete against other political parties, promote its nationhood project, and safeguard its philosophy. This is why it is taking part in the talks aimed at reforming the state, and ensuring electoral reforms that will help overcome post-electoral disputes.

The PRI also seeks in-depth changes in order to be more active when it is time to participate in elections. Likewise, it also seeks to distance itself from the government, break with the complacency of the past, because now "not everything can be accepted acrimoniously since we would be jeopardizing our capability to continue winning, and winning is a prime requirement to continue in politics," the PRI national executive council president pointed out.

[Interviewer] In order to maintain this path of victories, or a search for more accomplishments, how essential it is for the PRI, as a political party, to change?

[Onate] For us to undergo a transformation in order to remain in power is a challenge. Losing power is not included as part of our objectives or programs. Our objective is to undergo a transformation to continue being a viable option that will be supported by the majority of Mexicans which, as a result, will allow the country to develop. To this end there is much to do.

[EL FINANCIERO] I turned the interview to the avalanche of attacks launched against his party, its leaders, and even against the president of the republic, some of which have even turned into insults, prompted mostly by the rank and file of the PAN.

"In politics," Onate points out, "resorting to caustic remarks means lack of arguments. If there are no arguments, then there is a need to resort to insults as a strategy. We have been forced to respond to aggressions, but always attempting to confine it to a climate of respect, good sense, and most of all, an awareness of who our adversaries are.

"We do not view political relations as a sort of friend-enemy relationship, but one of competition among adversaries who are after the same objective, which is to exercise public power. The PRI will continue to answer with proposals, arguments, and by resorting to the whatever degree of force it deems relevant and convenient."

Onate acknowledges, nonetheless, that there has not been all the energy that would have been desirable to respond to the attacks repeatedly launched by the PAN. Furthermore, he makes it clear that, should these attacks continue, there will be more clear-cut responses from the PRI.

However, Onate says that more than responding through words, the best way to confront an adversary is at the ballot box, and the PRI is preparing to consolidate this avenue, starting with the congress scheduled for next month.

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Mexico: Finance Secretary Informs Investors of Prospects

PA2703032596 Mexico City NOTIMEX in Spanish 0023 GMT 26 Mar 96

[FBIS Translated Text] Buenos Aires, 25 Mar (NOTIMEX) — Guillermo Ortiz, Mexican secretary of finance and public credit, stated today that Mexico's economic recovery will continue in 1996 driven by "constant dynamics" in the export sector and by a "recovery" in investments.

At a forum headed by IDB [Inter-American Development Bank] President Enrique Iglesias, Ortiz informed a choice group of international bankers and investors about the Mexican economy's situation and prospects.

Iglesias restated that the IDB "firmly believes" in Mexico's economic recovery. Therefore, he added, this organization as well as the World Bank, the IMF, and the U.S. Government "will continue giving their support."

Ortiz said this economic recovery will allow the GDP to grow by 3 percent this year after a 7-percent drop in 1995 due to the devaluation that occurred in late 1994.

In addition, he pointed out to another factor that will contribute to this recovery is investment, which will provide 0.6 percent after a negative result of 8 percent in 1995.

However, the Mexican secretary of finance and public credit said consumption will only contribute 1 percent to this growth after it made a negative contribution of 9.7 percent in 1995.

Ortiz stated that "fiscal policy will be a permanent instrument to promote economic growth and financial stability" whereas the monetary policy "will be directed to lower" inflation.

According to Ortiz, the Mexican Government's medium-term strategy is based upon: structural reform and development of human resources to "improve productivity," and macroeconomic policies targeted at stability that, along with fiscal reform and that of the pension system, will facilitate an increase in savings.

Regarding the development of human resources, he underscored current programs as well as the fact that 50 percent of public expenditures are destined to workers' education and training.

"The challenges for 1996 — he stated — focus on consolidating macroeconomic stability, reinitiating a sustained growth, and maintaining the banking sector's solvency."

In the medium term, Mexico "reaffirms its commitment to maintain policies that will promote domestic savings, deepen structural change, and generate the well-paid jobs that society demands."

Ortiz explained that the purpose is not only to achieve economic recovery in 1996, but "also to transform this recovery into a platform toward economic growth for the future."

In this regard, he stressed that he agreed with Argentine President Carlos Menem, who said in his address at the inauguration of the 37th IDB Assembly: "We are determined to make profound changes because we are not afraid, and we will not step back."

Ortiz said Mexican President Ernesto Zedillo "does not wish to apply ephemeral or demagogic measures that would turn us back to previous models, but rather, his firm objective is to make profound economic reforms."

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Honduras

Honduras: Armed Forces Reiterate Support for President

PA2903032996 Panama City ACAN in Spanish 2100 GMT 28 Mar 96

[FBIS Translated Text] Tegucigalpa, 28 Mar (ACAN-EFE) — The Honduran Armed Forces reiterated today, Thursday, their "full, institutional support" for President Carlos Roberto Reina against the unknown individuals who hurled an explosive device at him on 26 March.

The military institution stated in a communique today that the attack is an act perpetrated by "enemies of democracy that create abroad a distorted image of our situation."

Those responsible for the explosion of the homemade bomb are individuals "who reject dialogue and consensus as a means of achieving national understanding," the military stated.

The perpetrators, the communique added, "insist on employing uncivilized methods to bring about the failure of the government's goals for the sake of the general well-being."

General Mario Hung Pacheco, commander in chief of the Honduran Armed Forces, also expressed regret today over the incident and reiterated his obedience to President Reina, who is the general commander of the military institution.

The explosion of the device only shattered the windows of two vehicles assigned to the president for his daily use and his security corps and caused minor damage to the garage of Reina's private residence.

The army chiefs, in addition, gave "clear and precise instructions that there should be a prompt investigation" of a incident which, in their opinion, "seeks to create confusion so as to allow speculations that mar the prestige of responsible and serious institutions."

Certain sectors on 27 March hinted that the action could have been directed by the Armed Forces, which are demanding that the government augment their budget, which totals $30 million.

Hung Pacheco said he rejected any charge pointing to the Armed Force as the perpetrators of the attack on the president.

"The Armed Forces guarantee they will redouble their efforts to the extent possible in the fields within their purview in line with their responsibility of guaranteeing the safety of citizens," added the communique by the military's press office.

In February 1995, a bomb exploded approximately 100 meters from Reina, who was attending a meeting with Honduran and Salvadoran businessmen in the city of San Pedro Sula, in northern Honduras. Two people were wounded in that attack, and the identity of the perpetrators remains unknown to date.

Panama

Panama: Economic Condition of Canal Zone Assessed

PA2803194796 Panama City Telemetro Television Network in Spanish 1730 GMT 28 Mar 96

[Report by Mirna Ortega; from the "Telemetro Reports" newscast]

[FBIS Translated Text] This morning a document assessing the economic situation of areas that have been returned to Panama and those areas that have yet to be returned was officially presented in what could be described as the beginning of government talks with various national sectors on the subject of the presence of U.S. bases in Panama.

Mirna Ortega was at the ceremony. She has the details.

[Ortega] Foreign Minister Gabriel Lewis Galindo and economists Marcos Fernandez and Jose Galan Ponce, who did research work on the economic impact of the U.S. military bases in Panama, have presented the final document to representatives of various political parties.

The presidents of Papa Egoro, the Democratic Revolutionary Party, the Popular Nationalist Party, Solidarity, and the Civic Renewal Party participated in the event. The Civic Renewal Party was the only opposition party present at the event. Neither the Arnulfist Party, the Christian Democratic Party [PDC], nor the Nationalist Liberal Republican Movement were represented.

[Begin recording] [Lewis Galindo] I think it is important that the country's sectors state their opinion on something that is not merely a private issue of this government. This is something that all Panamanians must analyze and evaluate. This is how the National Government feels about this.

This is not a political event. This is something sacred for us. I regret that some parties did not come. It was their decision, but I think we should set aside political differences when dealing with something this important.

[Ortega] Why didn't the other parties come?

[Lewis Galindo] You should ask them. The president received the report and wanted to share the information with all of the political parties, in accordance with

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agreements they made during previous meetings. This report was prepared on a suggestion from the opposition; Ricardo Arias Calderon [a PDC leader] suggested it be prepared. [end recording]

[Ortega] The purpose of the document is to provide information on the impact that the presence and the withdrawal of the bases would have on Panama's economy, taking into consideration purely economic aspects.

[Begin economist Jose Galàn recording] Definitely. If there are assets that can pull this country out of its current economic stagnation and turn our underdeveloped economy into a modern society, it would be foolish for this and future generations not to take advantage of such potential resources. [end recording]

The extent of the assets to be returned pose many economic questions that will have to be resolved by the National Government.

Panama: Parties' Meeting To Discuss U.S. Bases Issue

PA2903040496 Panama City LA ESTRELLA DE PANAMA in Spanish 28 Mar 96 p 1A

["LA ESTRELLA DE PANAMA's Opinion" column]

[FBIS Translated Text] The U.S. military presence on our country is connected to history through the Railroad and the Panama Canal.

For some it represents a guarantee and financial balm for the economic injection it gives the nation; however, for others, the military bases point their cannons toward targets that have nothing to do with the Canal's defense.

But it is unavoidable, and so it has been agreed, that in order to fulfill the Torrijos-Carter treaties, the Panama-based U.S. Armed Forces will have to leave the country in a short time.

Some believe that the withdrawal of the troops will allow the country to exercise its sovereignty without territorial limitations. Meanwhile, others think that a financial problem that those responsible for the public administration will be unable to resolve immediately is forthcoming, because the closing of the military bases will mean that Panama will indirectly stop earning between 200 and 300 million balboas annually.

Whether in favor or against, the decision on the presence of the military bases cannot be made lightly or in a unilateral manner.

Government leaders who consult with their followers and adversaries on the most critical problems of the nation stand a better chance of coming out victorious.

Today's meeting of presidents and leaders of political parties, convened by the foreign relations minister, to assess the situation of the military bases represents a basic step in the discussion of foreign relations with all organized political groups.

It would be helpful that the participants at this meeting put their political interests aside, and with the serenity this case deserves, and analyzing with the fervor of patriotic responsibility, decide what they deem is best for the country; either to renegotiate the bases or to stamp the passports of the soldiers so they can leave.

Panama: Minister, Committee of Banks Agree on Debt

PA2903024096 Panama City LA PRENSA in Spanish 28 Mar 96 p 11B

[Unsigned paid advertisement]

[FBIS Translated Text] [Dated] 26 March 1996 **Panama and Committee of Banks Announce Definitive Agreement and Date for Signing of Brady Agreements to Refinance its Commercial Debt**

Buenos Aires — Guillermo O. Chapman Jr., minister of planning and economic policy of the Republic of Panama; and William Rhodes, vice president of the Board of Directors of Citibank, N.A., announced today in Buenos Aires that the Government of Panama and the Committee of Creditor Banks headed by Citibank have agreed on the definitive text of contracts that will give legal shape to the Brady Plan to restructure the commercial debt of the Republic of Panama. It was also announced that the signing of the contracts to refinance the Panamanian commercial debt will be in Paris, France, on 17 April during a visit by Panamanian President Ernesto Perez Balladares to that capital.

Minister Chapman said the favorable reaction of the international financial community to the agreement, which involved more than 98 percent of Panama's commercial creditors, reflects the good fiscal results obtained and the quality of the economic reforms implemented by the country in the past 18 months and also reflects its favorable growth prospective, and this opinion was shared by Mr. Rhodes. Minister Chapman added: "The existing debt will be replaced by new securities, of which the most preferred one — about 82 percent — was the interest reduction bond guaranteed exclusively by the Government of Panama, involving a total debt reduction of about 31 percent," which he also underscored during his speech before the General Assembly of Governors this morning.

Also attending this ceremony, which was held during the Annual Assembly of Governors of the Inter-American

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Development Bank [IDB], were Carlos Alvarado, president of the Legislative Assembly of Panama; Jose Antonio de la Ossa, manager of the National Bank of Panama; Aristides Romero, comptroller general of the Republic of Panama; Rogelio Novey, Panama's representative to the IDB Board of Directors, as well as by other important officials and personalities of the international banking system.

As had been previously announced, the debt reduction package and its servicing amounts to about $2 billion of the Panamanian medium and long-term debt with private creditors, and about $1.5 billion in overdue interest.

The Presidency of the Committee of Creditor Banks, which negotiated the agreement with the Government of Panama, is jointly held by Citibank and the Bank of Tokyo. Citibank will also serve as the closing agent and fiscal agent for the transaction.

Panama: President Calls Opposition Members 'Animals'

PA2903043096 Panama City LA PRENSA in Spanish 28 Mar 96 p 1A

[Report by Ibeth Vega G. and Manuel Alvarez Cedeno]

[FBIS Translated Text] President Ernesto Perez Balladares used the word "animals" to describe opposition members who harshly criticized him for his "constant safaris" [preceding word in English] abroad in search of foreign investments.

"Evidently, they (the opposition) have to criticize, but it is not a safari, because the idea of a safari in Europe seems strange, unless the animals we hunt for are those of the opposition," the president replied with a big smile, which was shared by his retinue, mostly officials in his government who enjoy his jokes.

He added that the opposition now wants to "attribute" even its problems to the government.

"How incredible. This is too much. Now it turns out that a faction loses, and we are responsible. I imagine that those who won will also blame us. That is absurd," Perez Balladares indicated when asked about the opposition's reports on the PRD's [Democratic Revolutionary Party] intention of dividing it through the "purchase" of votes.

Referring to this same issue, PRD Assistant Secretary Francisco Sanchez Cardenas indicated that these accusations show a complete lack of respect even for opposition party members themselves.

"We see this as a complete lack of creativity when preparing political issues," he said.

First Vice President Tomas Gabriel Altamirano Duque will be acting president during Perez Balladares' trip to Europe next month, the president explained, "because this is what the Constitution states."

President Perez Balladares' detractors yesterday criticized his ironic insinuations that he will travel to Europe to hunt for "opposition animals," and they challenged him to publicly state how much the state tour will cost.

Given the president's ironic reply, former President Guillermo Endara burst out laughing and said Perez Balladares "must reveal the cost of the safari, even if it is to hunt for the opposition animals."

Endara said: "The way (Perez Balladares) is spending money in his trips, it means that when the opposition (again) assumes power we will find the state's coffers empty and bankrupt."

Arnulfist Party Legislator Bolivar Pariente said: "Instead of telling poor jokes and using senseless expressions against the opposition, the president should profoundly analyze how bad his government has been and the great damage he has caused to many productive sectors in the country."

Moreover, PDC Spokesman Edwin Cabrera said "it is unpleasant to hear a president of the Republic use that type of expression against his political opponents but, aside from that, it fully describes the PRD members' permanent conduct."

Panama: Absence Provoked by President's Epithet Explained

PA2903043996 Panama City Circuito RPC Television in Spanish 2300 GMT 28 Mar 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] Christian Democratic Party President Ruben Arosemena told Foreign Minister Gabriel Lewis Galindo, through a letter, that given the epithet — animals — used yesterday by the president of the Republic, opposition parties did not attend the ceremony for the formal presentation of a document titled Economic Evaluation on the U.S. Bases' Withdrawal.

Meanwhile, Foreign Minister Galindo stated in a note that he deplores the fact that he was not able to personally and directly present the document as planned. He also stated: The issue of the military facilities has such an importance that it surpasses circumstantial controversies in local politics.

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Argentina

Argentina: Waiver for IMF Fiscal Targets 'Virtual Fact'

PY2903024296 Buenos Aires AMBITO FINANCIERO in Spanish 21 Mar 96 p 6

[Report by Horacio Lachman]

[FBIS Translated Text] The dissemination of the letter of intent Argentina delivered to the IMF — which, as usual, is the outcome of the agreement between the Economy Ministry and the IMF technical team — confirms the IMF's growing flexibility in giving countenance to the Convertibility Plan and also the fact that it is already virtually impossible for Argentina to meet even those minimum targets.

Although the fiscal situation is critical, it seems unlikely that it will precipitate the end of the economic plan. Nevertheless, it is a virtual fact that Argentina will soon have to request a waiver [preceding word in English] of the IMF, given its inevitable failure to meet the targets for the first quarter, and that it will have to renegotiate targets and goals for 1996, since the present ones are wholly illusory.

In principle, the commitments taken on with the IMF envisage a substantial deficit in the first quarter of the year totaling $1.2 billion, i.e., $400 million per month. This notwithstanding, it is patent for everybody that this amount will be amply surpassed in light of the fact that the fiscal imbalance in the first two months of the year is already about $1 billion and that government revenues seemed to have fared quite poorly in March. This could generate an additional deficit of $1 billion, thus widening the fiscal deficit to nearly $2 billion.

In any case, by allowing a monthly fiscal deficit of $400 million in the first quarter, the IMF has acknowledged the seriousness of the Argentine fiscal situation. On the other hand, the fiscal target agreed upon with the IMF, which provides for a $2.5 billion deficit for the entire year, is totally unrealistic, since it would entail having a monthly deficit of $145 million as of April.

Such narrowing of the deficit could only be achieved by implementing drastic cutbacks in government spending — which would have no bearing on the increasingly urgent priority the Menem administration is giving to employment and the upturn in economic activity — and a vigorous pump-priming policy, which statistics seem intent on deferring.

The letter of intent concedes that Argentina failed to meet the targets established for 1995, even with the slipshod incorporation of loans received by banks as advances for payments to be made in the context of the tax deferral ordered by the government, which were entered in as fiscal revenues. This newspaper had been announcing as of the second quarter of last year that it would be impossible for our country to meet IMF fiscal targets. Despite the subsequent adjustments made by the administration, Argentina was unable to balance its accounts.

It is possible to estimate that a sadder and more uncertain future is in store for the agreement hammered out between the Economy Ministry and the IMF on this year's economic program.

One can in fact observe that IMF experts have abandoned their fiscal rigor, but they dare not admit it in public. They would rather accept unfulfillable agreements — which perhaps have the advantage of enabling the government greater stringency in the face of demands for a loosening of the purse strings — than own up to the greater flexibility with which they are acting.

The question is whether the slackening of fiscal discipline and the permanent renegotiations with the IMF to which our country seems condemned will hamstring the possibilities of an economic take-off.

Argentina: UCR Announces Economic Proposal Plan

PY2903021496 Buenos Aires TELAM in Spanish 2259 GMT 27 Mar 96

[FBIS Translated Text] Buenos Aires, 27 Mar (TELAM) — The National UCR [Radical Civic Union] Committee today presented its "Bases for a Model of Growth, Employment, and Welfare" plan that will serve as the basis for its Alternative Economic Project.

UCR President Rodolfo Terragno said: "It is a basic document that will serve for an unprecedented discussion within the UCR because it involves the country's economic, political, and social sectors."

The lengthy 90-page document is not the alternative proposal that the UCR had announced. Terragno explained that it will be submitted to President Carlos Menem "after it has been discussed and finalized by the party and by the social sectors that we plan to consult."

Terragno said: "We want to precisely and concretely discuss the very important points that are directed toward growth, so we will await detailed evaluations from every sector before submitting it to the government."

The UCR's initiative is a general and overall list of intentions and projects. It includes very few current and concrete references to the way the announced changes will be implemented.

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In a paragraph entitled "Long-Term Credibility," the document states: "There can be no growth without productive investment; conditions must be created to attract this investment."

The UCR believes the government "is not helping to create long-term confidence through its current policies," which must be based on "legal confidence."

Terragno said the official economic model is a "total failure," adding that the first step must be to "plan a growth strategy" — and not to indulge in whims of the government — if we are to extract ourselves from this situation.

Although the document proposes "a complete turnaround," the UCR president refused to confirm if the Convertibility Plan will be continued or scrapped. He reiterated: "We will not discuss the government's agenda."

Following what Terragno announced after his meeting with Menem at the end of 1995, a full alternative economic and social proposal was expected today, not just the basis of it.

One party source revealed that this change is partly due to the fact that the document has not been discussed by economists of the so-called "opposition shadow cabinet."

The source added that the 90 pages are "almost the same as the project drafted by Terragno during his trip to Germany."

The document promotes an "industrial export model, a healthy currency," and points out the need to "seek agreements no matter how minimal they are" and to "pinpoint disagreements, resolve them, and move on."

UCR Vice President Melchor Posse; Federico Storani, leader of the UCR bloc of deputies; and Jesus Rodriguez, the party cabinet chief, participated in the presentation of the document this afternoon at the seat of the National Committee.

Adalberto Rodriguez Giavarini (economy), Alfredo Allende (labor), Juan Manuel Casella (interior), and Ricardo Gil Lavedra (justice), members of the so-called opposition shadow cabinet; and Raul Baglini, planning secretary; and UCR secretary general Victor Fayad also participated.

Argentina: 'Satisfaction,' 'Concerns' From IDB Meeting

PY2803231896 Buenos Aires LA NACION in Spanish 28 Mar 96 p 7

[Editorial: "IDB Meeting in Buenos Aires"]

[FBIS Translated Excerpt] The outcome of the 37th Annual Meeting of Inter-American Development Bank [IDB] Governors, which was brought to a close in Buenos Aires on 27 March, was a sense of satisfaction within the financial community over the structural reforms undertaken by the countries of the region and the way in which they confronted and resolved the serious crisis that erupted in December 1994. This notwithstanding, deep concerns about the Latin American social situation were laid bare during the deliberations. [passage omitted]

At the meeting, the spotlight was on concerns about Latin America's social development. IDB President Enrique Iglesias recalled that the mandate received by the organization he heads, together with the financial resources corresponding to the latest capital increase, is to support member countries' efforts to improve their social services. Iglesias added that to fulfill that mandate, it is necessary to use available resources better. He contended: "We must painstakingly examine traditional mechanisms for providing these services by conducting an ongoing study of fundamental reforms that may significantly increase allocative efficiency of expenditures and our efforts' effectiveness."

The IDB meeting afforded Argentina the opportunity to receive the financial community's emphatic recognition of the way it weathered the crisis unleashed by the *tequila effect* without sacrificing its structural reforms.

Iglesias deemed it natural that there should be certain social impatience and signs of fatigue among affected sectors, particularly on account of unemployment. He nonetheless explained that social costs stem from previous maladjustments having deep and old roots, rather than from current adjustment policies. The IDB president was of the opinion that when the economy is in a state of disordered confusion, it is impossible to furnish solutions that go to the bottom of social problems. Nevertheless, Iglesias commented that adjustment policies should go hand in hand with a renewed social concern that will focus not only on growth, but also on the quality of growth. He added that this, in turn, requires a state that assumes its responsibilities in the face of the major problems confronting the public.

These ideas fit in, to a great extent, with Argentina's present reality. This should in no way be construed as a questioning of the policies currently under way. It is,

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rather, an inducement not to stray from the path taken while correcting what has to be corrected and making strides in what still remains to be done.

Argentina: Falklands 'Will Continue To Be Argentine'

PY2803182196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0009 GMT 28 Mar 96

[FBIS Translated Text] Buenos Aires, 27 Mar (NA) — In concluding his report to the Senate, Chief of Cabinet Eduardo Bauza emphasized that the Malvinas Islands "have been, are, and will continue to be Argentine." He noted: "On this issue, involving the negotiations with the UK, the government is not withholding any type of information."

In light of the concern expressed by various opposition senators, Bauza committed himself to arrange meetings with various ministers and government officials for explaining privatizations and urban security and justice issues.

Within this context, Bauza said: "We can discuss the privatization of the Yacyreta dam project." We can discuss with Interior Minister Carlos Corach and Justice Minister Rodolfo Barra about the issues linked to their portfolios, issues that have been extensively addressed by UCR [Radical Civic Union] and provincial senators.

"The offices will be open for you to talk and explain your viewpoints," Bauza emphasized to the congressmen, who were beaming with satisfaction. Bauza emphasized that "within a two-week period" he would respond in writing to the large number of questions that were posed to him during his bimonthly report to the Senate.

Argentina: Loan Granted to Tucuman To Ease Crisis

PY2903024596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1051 GMT 28 Mar 96

[FBIS Translated Excerpt] Tucuman, 28 Mar (NA) — Finance Secretary Ricardo Gutierrez announced that the government has authorized a $30-million loan for Tucuman that will be used to alleviate the severe financial crisis the province is experiencing. [passage omitted]

Tucuman Governor Antonio Bussi has stated that the rumors are intended to create "a climate of social unrest." Bussi said this during an address he gave to all the ministers and secretaries of the Tucuman government.

Bussi held the previous governor responsible for "what the population is now suffering; it is due to the lack of government and the calamity caused by the administration of (Ramon) Ortega, who contracted debts up to his last day as governor."

The governor said that the province "is on a good political path because coexistence between all sectors is a daily reality." This notwithstanding, he acknowledged that Tucuman "is saddled with a consolidated debt amounting to 766 million pesos, and that it already has 74 percent of its co-participation funds committed."

"There is a social problem that is the product of a financial situation we did not provoke," Bussi told his ministers and officials.

He explained that Tucuman "has had its co-participation funds reduced to 9 million pesos a month, when it should really be collecting 35 million pesos, and the province also has a monthly wage bill amounting to 45 million pesos."

"Regarding salaries, we owe 20 days worth and already there is talk of chaos, a moratorium. Moreover, from the shadows some unscrupulous individual is referring to federal intervention as though it could benefit someone," he added.

Bussi maintained that he has no intention "of firing anyone" from the public administration, but he made it clear that people whose contracts are concluded "will not be rehired due to the existing financial crisis."

Argentina: Chief of Cabinet Resigns for Health Reasons

PY2803163096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1105 GMT 28 Mar 96

[FBIS Translated Text] Buenos Aires, 28 Mar (NA) — Chief of Cabinet Eduardo Bauza, who is suffering from recurrent chronic hepatitis, has decided to leave his strategic position to occupy the seat of senator for Mendoza Province. The move will force the government to a broad reorganization. There is speculation that Interior Minister Carlos Corach will be appointed new cabinet chief.

Bauza received the results of tests conducted to determine his condition two weeks ago [as received] and following doctors' advice decided to resign the post of cabinet chief, but kept the decision to himself for the duration of the Inter-American Bank (IDB) assembly.

On 16 March Bauza underwent liver tests to determine the evolution of the disease afflicting him. The results were handed to him on 20 March.

Doctors concluded that the levels of tension to which he was subjected in his job was harmful to him. Bauza then, privately, decided to resign.

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On 21 March Bauza communicated his decision to President Carlos Menem, explaining the convenience of waiting until the end of the IDB assembly before announcing the decision officially.

It is possible that Bauza will undergo intensive treatment against hepatitis C in Argentina or in Cuba, where national Frepaso [Front for a Country in Solidarity] Deputy Mary Sanchez was successfully treated.

The seat left vacant by former Mendoza Province Senator Jose Octavio Bordon is being disputed by several Justicialist Party leaders. Former governor and current Deputy Rodolfo Gabrielli gave the first clue on how to solve the situation when he announced in Mendoza on 25 March that "all disputes to have a single candidate would end if that candidate were Bauza, as a show of unity."

Gabrielli met with Bauza and Buenos Aires Governor Eduardo Duhalde at the San Vicente Villa on 23 March and it would not be out of place to assume that the decision to ask Gabrielli to circulate the proposal was made here.

The period for the registration of candidates with the necessary guarantees in Mendoza ends on 3 April, which also accelerated Bauza's decision.

It was known that Menem talked with Corach, who is in Israel, to ask him to return to the country immediately, which gave another indication of the possible promotion of this official who has been with the president and Bauza since 1989.

The position of chief of cabinet, that is now vacant, is a product of the constitutional reform conducted in Santa Fe in 1994. It was an innovation proposed by the Radicals [Radical Civic Union followers] headed by Raul Alfonsin within the framework of the agreement called the Olivos Pact.

Bauza became the first person to occupy the position. He was appointed by President Carlos Menem following his reelection in the 14 May 1995 election.

[Buenos Aires TELAM in Spanish at 1246 GMT on 28 March says: "Education Minister Jose Rodriguez has been appointed chief of cabinet replacing Eduardo Bauza.

Media Secretary Raul Delgado announced at the Olivos Residence, where the cabinet is meeting, that the appointment was 'President Carlos Menem's personal decision.'"]

Argentina: Official Extols Resigning Chief of Cabinet

PY2803223896 Buenos Aires TELAM in Spanish 1408 GMT 28 Mar 96

[FBIS Translated Text] Buenos Aires, 28 Mar (TELAM) — Senate Provisional President Eduardo Menem expressed sorrow today over the resignation of Chief of Cabinet Eduardo Bauza "for health reasons." Senator Menem stated that Bauza is a loyal friend of the head of state and his right-hand man.

The senator, speaking on Radios 9.90 and Continental, explained: "The reason why Dr. Bauza is leaving is because of health problems. He needs to ease the stress incident in the discharge of his duties as chief of cabinet."

"I have no doubts whatsoever that regardless of where he is and of the position he holds, (Bauza) will always stand by the president," he asserted.

Senator Menem was of the opinion that Bauza's resignation "constitutes a terrible loss" for the incumbent administration because "he is the president's right-hand man in the cabinet."

The senator commented that Bauza "is a man who has an extraordinary capacity for hard work, and perhaps on account of his condition, his health was affected by his self-imposed pace of work. He worked at his office on Saturdays, Sundays, and holidays."

Menem added: "We have to pay tribute to a man who devoted his entire life to public service. He is not only a friend of the head of state but an extremely loyal and faithful aide to the president."

The senator asserted that Bauza "has been working for the chief executive for many years. He is one of the mentors of [President] Carlos Menem's presidential idea and has always acted with total loyalty and to the best of his ability."

In concluding, the Senate provisional president said: "Bauza will run for senator for Mendoza Province in the Justicialist Party internal elections."

Argentina: Opposition Leaders View Menem-Cavallo Quarrel

96SM0170A Buenos Aires CLARIN in Spanish 16 Mar 96

[Unattributed article: "There Is No Longer an Economic Plan in Terragno's View, and Alvarez Sees an Early End" — received via Internet]

[FBIS Translated Text] The UCR [Radical Civic Union] leader says that Menem and Cavallo are feuding "be-

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cause the plan is in bad shape," and he calls for a development program. The Frepaso [Front for a Country in Solidarity] leader sees the Menem-Cavallo confrontation as an "unbridled, savage struggle for power."

The head of the UCR, Rodolfo Terragno, asserted yesterday that the administration "does not have an economic plan" to pursue a production program, adding that his party "has no interest" in assuming the presidency in 1999 to implement "another austerity and stabilization plan, because that would be moving backward."

Speaking in Parana, where he took part in the third gathering that the UCR has held in the interior of the country, Terragno said that Economy Minister Domingo Cavallo "is wrong" when he claims that the UCR hopes that the administration's economic policy will fail. "From 1991 to 1993 I personally supported the convertibility plan. In 1991 I indicated that a plan like that was necessary and that it was going to have a price but that it was unavoidable because Argentina's currency could not be allowed to die," the UCR's number-one man asserted. Terragno then made it clear that as of 1993 "we have been pointing out that the convertibility plan had a specific goal, which was to stabilize the currency, and it did, but the administration does not have an economic plan, does not have a plan to develop our production capacity, and whenever we have told the minister this, he has taken it as a desire on our part that his monetary plan fail."

"In Bad Shape"

He also talked about the fresh feud that arose between the president and Cavallo on Thursday, describing it with this quip: "The economy is not in bad shape because Menem and Cavallo are fighting; the president and Cavallo are fighting because the economy is in bad shape." Terragno said that "there can be no doubt that the breakdown in the administration, the squabbling, and the quarrels are fueling the crisis, because it is very difficult to feel confident that a cabinet whose unity has been so severely compromised is going to make serious, firm decisions." The UCR chief voiced the opinion that the president has an obligation "to put an end to such uncertainty," cautioning that "we are at a very delicate moment, at which we stand to lose much of what society at large has achieved through enormous efforts." In conclusion, Terragno noted that a new interpretation of the Constitution that would allow Carlos Menem to be reelected a second time would be like "a coup d'etat."

Alvarez Sees Early End

The leader of Frepaso, Carlos "Chacho" Alvarez, yesterday ascribed the fresh feuding between President Carlos Menem and Economy Minister Domingo Cavallo to an "unbridled, savage struggle for power," in the manner of "gangs" that behave "at times in accordance with codes like those of mafias."

"I think that we are headed toward an early dissolution of this ill-starred marriage, so to speak, and that Cavallo will have to leave the administration," he indicated. In Alvarez' view, "it is not easy" for the minister to say "I am leaving" because "he would no longer be departing just as the hero of stability but also as the cause of extreme unemployment." Alvarez is of the opinion that although "the president would be happy to fire the economy minister, he cannot do so because it would create a great deal of uncertainty, especially among foreign investors. Looking down this dead-end street, he has opted for a strategy of weakening him. It is a sort of battle between gangs in which the political group accuses the economic group of making shady deals to tarnish its spotless image, while the group that Cavallo heads accuses the sectors linked to the president of being allied with the mafia," he said on Radio Del Plata. In this connection, the Frepaso leader underscored that this "fierce battle has a lot to do with the possibility of continuing to make deals that are often not altogether legal from within the government itself." Referring to the judicial harassment that the economy minister has complained of, Alvarez indicated that "some Cavallo people clearly have liability. I think that the shady deal with the Banco de la Nacion is almost beyond doubt. On the other hand, we have the illegalities that Cavallo says Menem committed. No one is investigating Yabran because the attorney general is a friend of the Menem brothers. There is an imbalance, as the courts are moving faster on the cases having to do with the people in the Economy Ministry," the deputy asserted. Alvarez cautioned that these disputes not only "create an intolerable climate" inside the administration but also "are causing the situation to deteriorate both overseas and at home, overseas by increasing country risk and at home because they have a very negative effect on the economy."

Argentina: Limited Capability of Armed Forces Seen

96SM0185A Buenos Aires LA PRENSA in Spanish 18 Mar 96 pp 2-3

[Article by Juan Maria Coria: "Meager Deterrent Capability of Armed Forces"]

[FBIS Translated Text] If the fisheries conflict off South Georgia were to go beyond the strictly diplomatic sphere, Argentina would not have the means to back up its diplomatic efforts, according to a report prepared by LA PRENSA. A poll shows that 42 percent of the population do not regard this as significant, as they feel

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that maintaining an external defense is not necessary. Seventy-seven percent regard the elimination of compulsory military service as a positive development.

The recent fisheries crisis off South Georgia Island, which forced Foreign Minister Guido di Tella to toughen his stance vis-a-vis the United Kingdom and the Royal Navy's armed deployment in a bid to monitor fishing activities in the area of conflict, was the basis for an investigation into whether Argentina has enough of an armed deterrence to back up the diplomatic efforts in which it is, or ought to be, engaged.

The findings of the LA PRENSA investigation show that our system of national defense would be very precarious in the event of any unforeseen development, and that we are at a marked disadvantage vis-a-vis other countries in the Southern Cone, in light of the data disclosed by military sources.

A comparison of Argentina, Brazil, and Chile reveals with chilling clarity the status of our national defense.

It is extremely difficult for the Argentine Navy to monitor fishing, if we bear in mind reports, which were not denied, indicating that only two of its 49 vessels are in optimal working condition and that only 15 of 68 planes and helicopters are serviceable (including two of 14 Superetendards).

Brazil has the aircraft carrier Minas Gerais, seven frigates, five destroyers, four corvettes, five submarines, three naval transport ships, seven amphibious vessels, two tankers, and 60 helicopters in operation. Surprisingly, the aircraft carrier has helicopters, not planes, on board. Thanks to a recent agreement, Argentine Navy pilots were able to use it during a combat exercise while the aircraft carrier 25 de Mayo rests at the Puerto Belgrano Naval Base.

Chile has four frigates, four destroyers, four submarines, two transport vessels, four amphibious craft, two tankers, 31 Navy planes, and 19 helicopters in operation.

Air Force

Argentina bought 36 Skyhawks from the United States, but they will not all be here until 1997. Forty million dollars in financing is still needed to cover the full price of $270 million.

Meanwhile, Chile purchased 25 Mirage M5-M's from Belgium for $100 million, and they are already at its Antofagasta base. In 1995 Argentine pilots put in 43,292 flight hours, compared to 118,000 for their Chilean counterparts. The gap has widened further this year.

Argentina has 30 fighter planes in service, compared to Chile's 170 and the Brazilian Air Force's 141. To this we must add, however, that the comparisons we were able to make revealed that Chile has 94 more planes than Argentina, and that Brazil has 680 more aircraft in operation than the Argentine Air Force does. This imbalance has been duly reported in the Defense Committees of both houses of Congress.

The Armies

The incorporation of volunteers into the Argentine Army, where they are to be trained as professionals under contracts, raised some questions overseas about whether the move would help strengthen this branch of the military. The response was simply that the system of incorporating land troops had been modified.

We know, however, that operational capability was at 14 percent of the acceptable minimum according to normal standards, and combat exercises are still few and far between.

While the men in uniform await the complete overhaul of the Armed services, especially the Army, the comparisons show that Chile has 466 tanks, 339 reconnaissance vehicles, 155 artillery pieces, 40 planes, and 44 helicopters in operation, while Brazil has 630 tanks, 1,230 transport vehicles, 616 artillery pieces, and 72 helicopters.

Thus, in contrast to the armed deterrent that other countries have available to back up their diplomatic efforts, the data we gathered show that ours does not seem to meet the nation's needs.

Report and Call for Explanations

LA PRENSA reported some weeks ago about the close to $12 million that the United Nations owes the Argentine Government for overseas peace missions. The bloc of Radical deputies used this information to substantiate a request for reports from the administration.

The opposition has now asked the defense minister to appear and report "on recent steps by the United Kingdom to charge a fee to fishermen operating in waters around South Georgia Island and on the measures that his ministry has taken in response to the British announcement that warships would be sent to patrol the zone."

[Box, p 2]

"A Country of Peace"

The inadequate condition of the Argentine Armed Forces finds a correlation in people's views about whether Argentina needs a national defense. According

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to a poll conducted by the consulting firm Demoskopia, 42 percent of people do not consider the Armed Forces indispensable.

While still a minority, this percentage is more significant than the 56 percent who think a national defense is "necessary." These revealing findings remain consistent, moreover, when we consider that 21 percent of the respondents contended that "the Armed Forces are not needed," the same percentage as said they were undecided on the matter.

The study was conducted among 601 persons in the capital and Greater Buenos Aires and covered all socioeconomic categories. According to the pollster's report, "these data reflect the still apparently very widespread belief that the rules of the game in the rest of the world do not apply to Argentina because its geopolitical position does not place it within areas of international tensions."

The data are consistent with findings about the danger of war facing Argentina, as only nine percent felt that it has increased over the past 10 years, whereas 29 percent think that it has diminished.

Civilians Respond

Do you approve of the shift from compulsory military service to a volunteer army?

Yes	77 percent
No	13 percent
Not sure	10 percent
Do you consider the Armed Forces necessary?	
Yes	56 percent
No	21 percent
Not sure	21 percent
No answer	2 percent

Source: Demoskopia

Argentina: Susana Decibe Named New Education Minister

PY2803170596 Buenos Aires TELAM in Spanish 1500 GMT 28 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 28 Mar (TELAM) — The lengthy education and technical background of Susana Decibe, current Programming and Education Evaluation secretary, was recognized today by President Carlos Menem. The president appointed her education minister replacing Jorge Rodriguez, who was appointed chief of cabinet.

Decibe used essentially technical reasoning to promote, from her office at the Education Ministry, the idea of elevating the hierarchy of the teaching activity.

"Policies try to improve education, but we also need to dignify the teaching profession," Decibe said.

The official actively participated in works with the provinces to structure and implement the Federal Education Law and transmitted ideas to design the new education policy at all levels. [passage omitted]

Bolivia

Bolivia: Disparity in Regulations Seen as Barrier to FTAA

PY2903021796 Madrid EFE in Spanish 2125 GMT 26 Mar 96

[FBIS Translated Text] La Paz, 26 Mar (EFE) — Bolivian Trade Secretary Douglas Ascarrunz stated in La Paz today that the establishment of a Free Trade Area of the Americas (FTAA) — the largest common market that has ever been envisaged — constitutes a difficult objective to conquer due to the disparity of regulations and agreements in force in the region.

The Bolivian official attended the Second Meeting of Ministers of the Hemisphere in Cartagena de Indias last week together with delegates from 34 countries of the Americas, excluding Cuba.

Ascarrunz explained: "The commercial integration of the 34 countries of the hemisphere is quite a complicated objective because they are integrated into different subregional groups, and in addition there is disparity in economic development, standards, legislation, and regulations among them."

With regard to the goal of establishing the FTAA by the year 2005, participants in the meeting decided to set up working committees to analyze all the elements related to domestic, bilateral, and subregional trade.

The complexity of their goal to discard the concept of "the idea is as good as utopian" — as FTAA was termed — obliged participants in the Cartagena summit to set up four additional committees, added to the seven already established. These four committees are: Public Sector Purchases, Intellectual Property Rights, Services, and Competition Policy.

The trade secretary added that Bolivia was once again entrusted with the coordination of the Customs Procedures and Rules of Origin Committee, which was tasked

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with the development and upgrading of hemispheric customs procedures records and the dissemination of a (customs procedures) guide to be used by the private sector.

Bolivia: Government Tapping Sucre Media, COB Telephones

PY2803174696 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 28 Mar 96

[FBIS Translated Text] And now we have a report from Sucre. The Chuquisaca Newspaper Workers Union [Sindicato de Trabajadores de Prensa de Chuquisaca] has reported that the government intelligence apparatuses are tapping the telephone lines of various Sucre media and the COB [Bolivian Labor Federation] headquarters.

Fernando Suarez, the leader of a sector involved in the hunger strike, announced that the COB telephones as well as the telephones of various media in Sucre have been tapped. There is reliable and trustworthy evidence that the telephone lines are tapped, he said.

Various media are being monitored, the trade union leader said. He emphasized that the current regime's security apparatuses are actually involved in these illegal actions.

Suarez deplored the fact that, with this type of action, the government of Gonzalo Sanchez de Lozada is reinstating practices from periods of backwardness and de facto governments. Therefore, he asked local authorities and government officials to quit their negative and fascist attitude.

Suarez pointed out that the government does not have any reason for acting the way it is acting now as our country's workers are living in a democratic state and are observing our country's laws.

Suarez noted that two media, a newspaper and a radio station, in Sucre have reported that their telephone lines are being monitored by government agents. Information can only be leaked through telephone tappings, he said.

Bolivia: Talks Urged Between Government, Workers

PY2803232096 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 28 Mar 96

[Report by Jorge Gimenez]

[FBIS Translated Text] The military echelons have faced things squarely and have finally asked both the government and the workers to go back to the negotiating table and prevent more violence.

General Reynaldo Caceres, Armed Forces commander in chief, noted that confrontation merely leads to our country losing prestige, with regretful results.

We may recall that Rosendo "Chino" Olori, a baker's assistant and porter, was killed with an antiriot shotgun. This tragic incident was the straw that broke the camel's back. The Armed Forces commander said a negotiating table should be the right place for confrontation:

[Begin Caceres recording] I believe it is time to call for national reunion, as violence and the current acts will not lead us into anything good. I believe that by engaging in honest talks, as Bolivians, we can find better solutions than by using acts of violence, involving insults and the loss of national prestige.

I believe it is time to clarify these situations somewhat and put aside our prejudices on many things. In so doing, we will be protecting national dignity a little more. [end recording]

The commander in chief's petition agrees with the call of the Catholic Church for the conflictive parties to ponder and make a decision on the resumption of talks.

Bolivia: Armed Forces 'Irritated' Over ENFE Capitalization

PY2803235496 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 28 Mar 96

[FBIS Translated Text] And we have more news about the Armed Forces, which are irritated over the capitalization of ENFE [National Railway Enterprise].

Reynaldo Caceres, Armed Forces commander in chief, has acknowledged the existence of some irritation within the Armed Forces over the government's decision of delivering ENFE to a Chilean consortium.

Caceres noted that this represents a delicate issue over the irritation caused by the fact that foreign capital is involved. It should be understood that this situation would not have developed any further if another state had been involved, he said.

The military leadership was convened by President Gonzalo Sanchez de Lozada in an effort to convince them on the capitalization process, especially the capitalization of ENFE.

Caceres cha[illegible]ioned the executive branch, emphasizing that the resistance to foreign investments allowed the Chilean entrepreneurs — whose bid was under the ENFE actual value, and who became successful bidders — alone to arrive at the end of the [ENFE] capitalization process.

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In Caceres' opinion, there is no time to lose in securing foreign capital, regardless of its origin, to initiate a process of diversified production. Within the military ranks, however, the Armed Forces commander in chief's opinion is not shared, as prioritizing the securing of investments over geopolitical interests and the guarantees for national sovereignty is being described as a mistake.

Bolivia: Government, COB To Hold 'Vital Dialogue'

PY2903005796 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 28 Mar 96

[FBIS Translated Text] The government announced that the Wednesday night meeting between Government Minister Carlos Sanchez Berzain and union leader Oscar Salas served to prepare the basis of a vital dialogue.

At the conclusion of the meeting between the authorities and union leaders Oscar Salas, Carlos Camargo, and Israel Beizaga, a leader from the health sector, Minister Sanchez Berzain announced that the preparations for the vital dialogue will have as a basis a letter that was addressed to the COB [Bolivian Labor Federation] by Labor Minister Reynaldo Peters.

Oscar Salas confirmed that the letter, which includes the seven points that are currently being discussed, will be analyzed on 28 March by the COB plenum, where the pertinent consultations will be made, and he added that at the same time, the government will evaluate the situation.

The seven points refer to salaries, capitalization of YPFB [Bolivian Government Oil Deposits], housing, social security, universities, the Agrarian Reform Institute Law, and union forums and human rights.

It has been learned that the government told the COB that the hunger strikers who were arrested during the early morning hours of 26 March in Cochabamba have now been released.

Bolivia: La Paz Protest Marches on Privatization Reported

PY2903021996 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 28 Mar 96

[FBIS Translated Text] Making a rough guess, at least 40,000 persons marched through the streets of La Paz to defend YPFB [Bolivian Government Oil Deposits]. This occurred today, when a large number of workers responded to the call of the Bolivian Labor Federation [COB].

The San Francisco, De los Heroes, and Perez Velazco Plazas and the streets and avenues of downtown La Paz were the scenes of these marches. The protests were against injustice and corruption and the transfer of YPFB and the Vinto [Smelting Company].

It was precisely regarding the state oil company that "Encuentro Nacional" registered the following feelings of the workers: [Recording of shouts and chants of workers]

The majority of the labor sectors participated in the march and demonstration. No incidents occurred with the police because they had not received orders to repress the demonstrators.

Goni [President Gonzalo Sanchez de Lozada] will not have his arm twisted where capitalization of YPFB and the reform of the pension system are concerned. Thus the government's enemies will not be able to jump with joy.

The head of state stressed that he will not give up the hope of being able to grab his detractors by their throats and cut their beards and then launch them into the new Bolivia. Sanchez de Lozada made these remarks during a ceremony given by the U.S. magazine LATIN TRADE, which granted him the Bravo Prize for his plan of reforms.

The president stated that this confirms no one is a prophet in his own land, and he told the U.S. delegation about the obstacles the resistance has placed in his path:

[Begin Sanchez de Lozada recording] During a news conference, Dr. [Victor] Paz [Estenssoro] [a former Bolivian president] said that the capitalization of YPFB would be the mother of all battles. I did not take this very much into account. I knew it was going to be difficult, but not as difficult as it is turning out to be. [laughs] I forgot that there is no substitute for experience. [laughs]

And the truth is that the people as a whole, the political class as a whole, have united on this battleground because they understand that the new Bolivia is now being defined.

Moreover, everyone — those wanting to be on good terms, those expecting errors, the false step, the [word indistinct] — knows we are going to listen, we are going to make improvements, we are going to refine things, and that we are going to harmonize. But we are going to approve the Hydrocarbons Law and capitalization is going to be a reality, not because of me, but because we cannot leave this process unconcluded. [end recording]

The head of state said there is a false debate within the country because, in sum, neither the opposition parties nor the unions or civic movements have submitted alternative solutions.

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The president understands this to be an implicit acceptance of his model, and he said he is sure that the voting population will also become convinced about his prophecy to such an extent that he bets his party, the MNR [Nationalist Revolutionary Movement], will win the next elections.

Brazil

Brazil: Columnist Explains Bank of Brazil Deficit

PY2803160296 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Mar 96 p 10

[From Aloisio Biondi's column: "Focusing on the Economy"]

[FBIS Translated Text] It is necessary to resort to basic economic textbooks to explain the "deficit" registered by the Bank of Brazil and the government rescue operation.

Thus, it will be possible to demonstrate the lies and understand the unpatriotic operations practiced by the government. The reality is as follows, point by point, without technical complications.

False Bankruptcy

A bank can only go bankrupt when it registers a large deficit, when it owes much more money than what it receives.

This is not the case of the Bank of Brazil. It has 57 billion reals [R] worth of debts (R53 billion worth of deposits). It has R54.2 billion to receive (R37 billion in loans). Thus, the loss would be R3 billion. This sum is manageable in the long term.

More Capital

Why then is the government increasing the Bank of Brazil capital by R8 billion? Because of international rules. With the globalization of the economy, speculations in the financial market move trillions of dollars. A market crisis in any country could start generalized "bankruptcies."

In order to avoid such risk, governments have signed an agreement forcing them to establish equal rules for all banks (Basel Agreement). Banks can therefore only lend 10 times their capital at the most.

The Bank of Brazil has R53 billion worth of deposits — plus its own capital (that of its shareholders) which amounts to R3.5 billion. The limit of the loans it gives is not based on its deposits (which belong to its clients) but on its capital. By increasing its capital the Bank of Brazil is increasing its lending capability.

Losses

What about the R4.2 billion loss registered in 1995? In this case, we must dissect the rules for bank trial balances. Profits are represented by the difference between income and expenses along the year.

When debtors fail to honor their debts, they are written in the trial balance as expenses that year — thus reducing profits or generating losses.

The Bank of Brazil loss means that in 1995 it granted loans whose repayment has fallen behind due.

The Massacre

The Bank of Brazil must receive R18 billion worth of overdue loans. They correspond to government debts or to debts that the government forced the Bank of Brazil to assume. Therefore the Bank of Brazil "saviors" are its own executioners.

Nice Boys

The federal government owes the Bank of Brazil R5.2 billion. The government questions some of those debts. However, in 1995 the government recognized part of those debts and announced that it would repay them. These debts amounted to R2.2 billion by October 1995. If they had been paid, the Bank of Brazil balance would have been different.

Appropriation

The Bank of Brazil owned shares of Acesita [Itabira Special Steel Company]. Those shares were sold in the privatization program. The Treasury stayed with the money which amounted to more than R800 million.

Stripped

The Bank of Brazil was forced to buy R5.5 billion worth of Brazilian foreign debt papers. This is money is stranded or earning ridiculously low (international) interest rates. If it had been lent in Brazil, it would have yielded R1.5 billion per year.

Lightning Rod

Unpaid farming debts to the Bank of Brazil amount to R7 billion. The government made an agreement with the farmers allowing them to roll over their debts. The government "would pay" the Bank of Brazil with bonds. But the new loan contracts between the Bank of Brazil and the farmers are being signed just now. These debts caused a deficit in the 1995 trial balance.

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No Myths

There is nothing in common between the deficit registered by the Bank of Brazil and those registered by the Economic and Nacional Banks.

Nassif

It is for the readers interest that I have explained the case of the Bank of Brazil. On 26 March I will write about colleague Luis Nassif's observations in his column published on 21 March.

Brazil: Columnist Views Use of 'Rotten Currency' Papers

PY2803160496 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Mar 96 p 8

[From Marcos Cintra's "Monitor" column]

[FBIS Translated Text] The privatizations may fail. The potential buyers have liquidity problems because they are government creditors. What is worse, the government does not accept the papers it forced its creditors to accept in payment for their services.

In Sao Paulo, Governor Mario Covas is facing problems for wanting to accept papers issued by the Sao Paulo administration and liabilities from his own treasury in his privatization program!

Some absurd allegations have been brought forward like the one that the credits taken against the Treasury, which amount to more than 2.5 billion reals, R, originated by overbilling and by fraudulent operations of former administrations.

If this is true, justice must be called in to punish those who are responsible for such a situation and to recover the money. But to deny payment to all its creditors is unjustifiable.

Besides this, the privatizations demand attractive financing conditions. An option is that the government assume that the public debt titles (the so-called "rotten currencies") are debts that must be repaid.

The origin of these titles are converted debts contracted by public companies. Whoever possesses these papers must wait for their maturity dates to redeem them. But they could dispute the purchase of public companies or sell them, beginning a creative operation.

Those interested in purchasing a public company could buy them to redeem them on their maturity date. They could participate in privatization auctions with them.

Thus, the private investor could obtain financing; the government could reduce its debt; and the paper holders could streamline their assets, exchanging them for good quality private credits.

With this, the government will be doing what society expects from it: Making the privatization program more dynamic.

Brazil: Chile Warns of Apathy, 'Democracy of Spectators'

PY2903122296 Santiago EL MERCURIO in Spanish 27 Mar 96 p C5

[Report by Maria Jose Errazuriz L., special correspondent in Brasilia]

[FBIS Translated Excerpt] President Eduardo Frei warned about the risks modern democracies run when politics become a business, a spectacle, or when used for personal gains.

The head of state thus voiced his concern over the fact that lately there has been a growing lack of interest and political apathy which could lead to a "democracy of spectators."

Frei made this statement during a solemn Brazilian Congress session yesterday morning after starting the second phase of his visit by traveling to Sao Paulo. [passage omitted]

The president voiced the need for modern democracies to face the challenge of extricating the people from poverty by promoting growth with equity.

He also noted the need to strengthen the political parties, enabling them to play their roles as coordinators of the citizens' concerns. Frei added: "The discrediting of politics can only lead to serious forms of social backwardness."

Frei's statements were welcomed by Jose Antonio Guzman, chairman of the Production and Commerce Confederation, and the legislators who accompanied him, among them Deputy Jorge Pizarro (DC [Christian Democratic Party]) and Senator Eugenio Cantuarias (UDI [Independent Democratic Union]).

Guzman expressed his concern over the fact that this is what is happening in Chile, and acknowledged that the people believe the politicians concentrate on really unimportant matters. [passage omitted]

Within the framework of the presidential tour, Economy Minister Alvaro Garcia asserted that the privatization process in Chile has made significant progress compared to other Latin American countries.

He added that the government has made a great effort to allow the private sector's participation in areas in which

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it was formerly banned, such as the port, highway, and railway infrastructure.

He thus refuted Jose Antonio Guzman, who said that in Brazil and Chile the privatization process has been slow.

Garcia said that in the authorities' opinion, it is not a matter of how fast the privatization process is carried out but rather how seriously; that is, how "well it is carried out."

Garcia explained that "the privatization is not based on any ideology. The purpose of this process is to give Chileans better opportunities. Therefore, the government has increased the participation of private capital in services as important as sanitation and electricity."

Garcia stated, however, that the necessary measures have been taken for public enterprises to be sold at the best prices, thus increasing the income of all Chileans and safeguarding the services with an appropriate definition of the regulations. [passage omitted]

Brazil: Privatization of A-Band Cellular Services Sought

PY2803235896 Sao Paulo AGENCIA ESTADO in Portuguese 2105 GMT 27 Mar 96

[FBIS Translated Text] Brasilia, 27 Mar (AE) — Deputy Arolde de Oliveira (PFL-RJ) [Liberal Front Party-Rio de Janeiro] seeks to pave the way for privatizing the state-controlled cellular telephone system in just 18 months. Arolde sponsored a bill that amends Communication Minister Sergio Motta's proposal aimed at allowing private investments in cellular phone services. De Oliveira's bill includes a provision forcing state-owned companies to create subsidiaries or to form partnerships with private companies to continue to exploit cellular services on the A band.

After submitting his report to the Science and Technology Committee of the Chamber of Deputies, Arolde, rapporteur of the bill, said: "Our objective is to privatize both the A and B bands." Oliveira has gone farther than the government itself. Motta's proposal authorized only the issuance of notices opening the B band, which has already been set aside for the private sector, to private investments. The new companies would thus be able to compete with state-owned companies prividing services on the A band.

Through de Oliveira's bill, in just 18 months, the public sector could be deprived of "the filet mignon" of today's telecommunications services. Telebras [Brazilian Telecommunications, Inc.] and its subsidiaries billed 1.41 billion reals [R] for cellular telephone services in 1995, compared to R467 million in 1994. This leap was translated into an 18.3 percent increase in Telebras' net profits, which amounted to R809 million in 1995.

De Oliveira said: "The prevailing trend is that these new companies consist of 51 percent private capital." He said the idea is designed to make Telebras subsidiaries in the states create other companies to exploit cellular telephone services with a view to making "competition fair" and "open."

Yet, up until last week, de Oliveira's report had envisaged the formation of subsidiaries, which would be necessarily controlled by the state. Today, in his final report, de Oliveira included the possibility of partnerships. He said: "After all, we do want to privatize." The proposal also gives private capital access to satellite and data transmission services.

De Oliveira introduced other changes to the government proposal, such as the elimination of the 49-percent ceiling for private capital. While foreign investments are not restricted, de Oliveira includes an additional requirement whereby the government may demand reciprociity as far as foreign investments is concerned. For instance, the ceiling for foreign investments in Brazil will be equivalent to the ceiling set in the country of origin of the company involved (25 percent in the case of the United States).

De Oliveira banned, however, investments by foreign state-owned companies. He said: "We are not going to let what happend in Argentina be repeated here. In Argentina, state-owned companies were purchased by foreign state-owned companies." He added: "If we must have a state-owned company, it should at least be Brazilian."

Members of the Science and Technology Committee may propose changes to the rapporteur's bill by no later than 15 April. The document will again be debated on 10 April because the committee members have asked for time to study it. The committee is expected to approve de Oliveira's report by late April.

Brazil: Cardoso Speaks at Trade Seminar With Chile

PY2803160596 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 Mar 96

[FBIS Translated Text] Presidents Fernando Henrique Cardoso and Eduardo Frei have attended the Brazil-Chile Investment and Trade seminar in Sao Paulo. President Cardoso said that economic growth is only possible if representatives of the people are persistent in facing difficulties. He added that the administration has been doing its best to ensure that Brazil will start

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a more favorable stage and pointed out that Chile now has a stable situation.

The president emphasized that it is necessary to take into consideration the market realities in order to be able to develop the Brazilian economy. He also pointed out the importance of Latin American integration for the development of the region. Cardoso asserted that his administration will restore to the Brazilian economy the capacity to finance our national production.

President Cardoso confirmed that the constitutional reforms are necessary for the continuity of the Brazilian economic stabilization.

[Begin Cardoso recording] The reforms are indispensable. I have struggled, as you all know, to enable the country to advance in these reforms, including the social security reform. There are, nevertheless, differences between Brazil and Chile and this is something no one can deny. In addition to the social security reform, we must also implement the administrative reform and the fiscal reform. As Dr. Carlos Eduardo [not further identified] has said, these are the reforms required by the country. They are indeed necessary. It makes me sad, however, to see that those who oppose these reforms do not offer any alternative solution to them, except some proposals that are so utopic that they become demoralized on their own. [end recording]

In his speech, President Cardoso also praised the work of the National Congress. The president returned to Brasilia on the night of 27 March.

Brazil: Chilean President Visits Salvador, Porto Alegre

PY2903001796 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 28 Mar 96

[FBIS Translated Text] In his first visit to Salvador, Bahia, Chilean President Eduardo Frei this morning opened an agri-business cooperation seminar between Chile and Brazil. Vice President Marco Maciel and Bahia Governor Paulo Souto also participated in the ceremony.

According to the Chilean Embassy, more than 100 Chilean businessmen will attend this seminar, which will probably increase trade between the two countries and promote joint investments and the exchange of technical expertise.

Later in the afternoon, President Frei arrived in Porto Alegre, where he participated in the closing ceremony of a seminar on regional integration and land bioceanic corridors.

In a speech, he announced the creation of the Rio Grande do Sul-Chile chamber of commerce. He also formally announced the creation of Petroquim, a company through which the Brazilian Ipiranga group will build in Chile a polypropylene plant involving a $130-million investment.

President Frei expressed his will to increase trade relations and investments with Rio Grande do Sul State. He is now having dinner with Rio Grande do Sul Governor Antonio Britto. President Frei will depart for Santiago this evening, at 2000 [2300 GMT].

Brazil: UK Beef, Dairy Items Import Banned 'Indefinitely'

PY2903005596 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 28 Mar 96

[FBIS Translated Text] Mad cow disease has caused Brazil to indefinitely suspend its imports of beef, powdered milk, cheese, and butter from Great Britain.

Forty countries have banned imports of British beef. Jordan has gone as far as banning imports of British chocolate.

The British Government has pledged to supply $2.25 million weekly to the British beef industry and has banned the sale of beef coming from cattle that are more than 30 months old.

Brazil: Draft Bill Regulating Oil Monopoly Ready

PY2903024396 Sao Paulo AGENCIA ESTADO in Portuguese 2300 GMT 28 Mar 96

[FBIS Translated Text] Sao Paulo, 28 Mar (AE) — The government has already concluded the draft bill that regulates oil industry activities following the breaking of the Petrobras [Brazilian Petroleum Corporation] oil monopoly. The draft bill will be sent to Congress in the next few weeks. The bill, to which AGENCIA ESTADO has had exclusive access, foresees the creation of the National Petroleum Agency (ANP), which will manage and control oil activities in Brazil, such as regulating oil industry activities following the breaking of the Petrobras oil monopoly. The draft bill has 82 articles and was prepared by the Mines and Energy Ministry. It foresees the installation of the ANP.

According to the draft bill, the ANP replaces the National Fuels Department [DNC], and some of its objectives are to guarantee the supply of oil by-products and natural gas throughout the national territory, attract risk investment, promote free competition, defend consumer interests, protect the environment, and expand the job market.

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The bill also creates the National Oil Policy Council (CNPP) to follow up on and evaluate the performance of the activities related to the monopoly. The bill includes regulations for oil deposits and the federal monopoly. It establishes that "the oil, natural gas, and other fluid hydrocarbon deposits that exist in the national territory belong to the federal government." Economic activities, linked to the federal government monopoly, "may be carried out by private or public companies."

According to the draft bill, the federal government will carry out regulatory and control activities with the purpose of guaranteeing national interests and the "supply of natural gas and oil by-products throughout the national territory." The regulations, also restricted to the institutions specified in the bill, prohibit differentiated treatment among companies on account of their capital control or the nationality of their managers and partners.

Brazil: Funds Available for Bioceanic Corridors With Chile

PY2903035396 Madrid EFE in Spanish 2300 GMT 28 Mar 96

[FBIS Translated Excerpt] Porto Alegre, 28 Mar (EFE) — Brazil and Chile today confirmed the availability of $170 million each for the construction of several land bioceanic corridors. They also announced they would help Bolivia and Paraguay obtain foreign loans to carry out the project.

Chilean Public Works Minister Ricardo Lagos today told EFE that the construction has practically begun in the two countries and all that remains to be done is to find alternatives to generate multilateral projects that will allow the other countries to obtain the necessary resources to carry out the construction.

Lagos calculated that Bolivia and Paraguay will need $500 million to adapt their transportation routes to interconnect and link their cities on the Atlantic and Pacific coasts.

The Chilean minister today participated in a seminar on regional integration that took place in Porto Alegre. The seminar was meant to evaluate the progress attained in the project of bioceanic corridors. Argentina, Bolivia, Paraguay, Peru, and Uruguay are also interested in the project.

The investment plan is meant for the construction and adaptation of roads, ports, and airports to promote foreign trade, the "basis of the desired full physical integration of Latin America," said Chilean President Eduardo Frei when closing the seminar, which gathered nearly 200 businessmen from Chile and Brazil. Brazil and Chile have designed the adaptation of the corridor that will link the port of Santos, on the Atlantic coast, with Arica and Iquique, on the Pacific coast. [passage omitted]

Brazil: Draft Bill Regulating Oil Industry Criticized

PY2903031996 Sao Paulo AGENCIA ESTADO in Portuguese 2301 GMT 28 Mar 96

[Report by Jose Antonio Rodrigues]

[FBIS Translated Text] Sao Paulo, 28 Mar (AE) — Deputy Jose Carlos Aleluia (PFL-BA) [Liberal Front Party-Bahia] harshly criticized the draft bill that the executive branch will send to Congress to regulate the breaking of the oil monopoly. He recommends cautiousness and attention when reading the draft bill, which, he says, is deceitful. "The only advantage this bill brings is that partnerships will be allowed, but it does not deceive me. It was designed by the old bureaucracy, which pretends that it is changing, but which still has a lot of command and continues wanting to concentrate power in its hands. In its present form, the bill will allow Petrobras [Brazilian Petroleum Corporation] to resume full power in the future," he said.

Aleluia said that one of the principal defects of the bill is that it preserves the interests of Petrobras. Deputy Aleluia also recommends paying attention to the traps that the bill contains regarding the National Refining Plan and the formation of the National Council of Oil Policy, which will be an auxiliary institution, "without power of decision" but made up of full members from the government circle. According to him, given the manner by which the government is preparing the text, the National Petroleum Agency (ANP) will not be autonomous to deal with the issues that pertain to it. Its formation is ambiguous enough to allow Petrobras to resume its power in the future. "A bill like that, so undaring, does not do justice to the effort that was made to approve the economic reforms," Aleluia complained.

He said that the bill was designed together "with Petrobras people," which attempted to put a cast on the changes. "It prevents competition. The National Refining Plan establishes that authorization be requested to build new refineries. The bill is centuries behind in comparison with the bill on electricity concessions, discussion of which has just begun in the Chamber of Deputies." One of the "absurd" points mentioned by Aleluia is that in case of a tie in a dispute, Petrobras will have preference. Another point is the discrimination regarding the origin of capital, an absurdity, he said, "since that prejudice has already been appropriately eliminated from the law during the constitutional reforms." Aleluia now promises to make an effort before the executive branch to attempt to modify the draft bill.

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"As it is presently constituted, it will be difficult to propose changes in the plenum," he said. "The government should have sent a more modern bill. This one could have been signed by Genoino," Aleluia said, referring to Workers Party Deputy Jose Genoino, an outstanding opposition leader.

Brazil: INPE Delays SCD-2 Launch Until Dec

96SM0167A Sao Paulo GAZETA MERCANTIL in Portuguese 13 Feb 96 p C3

[Article by Virginia Silveira: "Satellite Launch Delayed"]

[FBIS Translated Text] Sao Jose dos Campos—Launching of the second Brazilian data collection satellite (SCD-2), which was scheduled for April of this year, has been delayed until December. Publication of the call for bids on a contract for the rocket that will launch the satellite was delayed for almost six months, and according to an estimate by Marco Barbosa, director of the National Institute of Space Research (INPE), it will now be issued in March.

The SCD-2, development of which was completed in August of last year, was designed to ensure the continuity of the data collection services provided by the first satellite in the series—SCD-1—whose useful life is almost at an end. That satellite completed three years in orbit last week, but its subsystems, chiefly the battery, have been showing signs of wearing out since July 1995. To keep the SCD-1 in operation for at least three more months, scientists at the INPE have decided to use its equipment only for domestic purposes.

"One of the SCD-1's onboard computers has been disconnected, and the data collection transponder is activated only when the satellite is flying over Brazilian territory," according to Janio Kono, manager of the Complete Brazilian Space Mission (MECB). Although those precautionary measures help increase the satellite's useful life, the INPE expects the battery powering SCD-1's subsystems to hold out for only three more months.

"When the battery is exhausted, the satellite will be able to collect data only during the daylight hours using energy captured from the sun by its solar cells," the manager said. Another alternative being considered by the INPE to avoid interrupting its data collection services to users of the subsystem calls for using a foreign satellite, possibly the Tirus satellite belonging to the French Argos system. Within 90 days, according to Kono, SCD-1 will be operating at only 50 percent of its data collection capacity.

SCD-2 is part of the MECB program, which calls for building four data collection satellites and two remote sensing satellites. Construction of the second satellite has absorbed investments on the order of $13 million. The next satellite in the series will be SCD-2A, a replica of SCD-2, and it is being built to ensure use of the Brazilian Satellite Launch Vehicle (VLS). At first, the VLS was supposed to have launched SCD-2, but the rocket project experienced various delays because of a lack of funds, and its launch has been postponed until mid-1997.

Most of the funds budgeted for development of the VLS in 1995 did not arrive until December, and that caused further delays in the timetable for launching the vehicle. The project received $12 million in 1995, and it should be given an appropriation of from 8 million to 10 million reals for this year, a sum that is necessary to complete the rocket. According to Air Force General Reginaldo Santos, director of the Aerospace Technical Center (CTA), the release of funds in December helped expedite the importation of electronic components meeting military specifications.

According to him, purchase of those components was also facilitated by Brazil's adherence to the MTCR (Missile Technology Control Regime), an organization comprising 25 countries responsible for overseeing the manufacture and exportation of dual technology products (those with civilian and military applications).

The INPE has acquired 250 new environmental and meteorological data collection platforms (PCD's) for installation in remote locations around the country. The PCD's cost $2.5 million and were imported from the U.S. firm Handar. Brazilian satellite SCD-1 is currently receiving data from 52 PCD's and retransmitting those data to the INPE's receiving center in Cuiaba, Mato Grosso.

The data are sent to the mission center in Cachoeira Paulista, Sao Paulo, where they are processed and distributed to users. About 200 PCD's will be installed in the Amazon region by the end of this year to monitor hydroelectric plants in the region. The platforms will be used by the National Water and Electric Power Department (DNAEE). According to the INPE, another 50 PCD's will be installed in South American countries that are potential users of the data collection service offered by Brazilian satellites.

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Brazil: INPE Considers Contracting Foreign Scientists

96SM0167B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Feb 96 p A10

[Article by Julio Ottoboni: "INPE Studies Possibility of Hiring Foreign Scientists"]

[FBIS Translated Text] *The institute wants to halt its loss of employees due to early retirement.*

Sao Jose dos Campos—Marcio Nogueira Barbosa, director general of the National Institute of Space Research (INPE), has met in Brasilia with Minister of Science and Technology Israel Vargas for the purpose of discussing ways to prevent the institution's loss of employees as a result of low salaries and social security problems. One measure that may be adopted is that of hiring foreign scientists in the near future.

The INPE's management is considering urgent measures to hold on to those of its employees who have doctorates or master's degrees, chiefly those in important posts. Being studied are the cases of professionals who have taken early retirement as surveyed by the state. One solution lies in using the scholarships granted by the National Research Council as perks in addition to salary. "Naturally, this will not apply to all professionals; we are going to have rules for the selection process," Barbosa said.

The bureaucracy involved in competitive examinations is one of the major obstacles being faced by scientific institutions. A candidate who is accepted waits an average of one year before being called by the INPE to fill the position applied for. That provides sufficient time for young doctoral graduates to find other jobs paying more. Barbosa supports the approval by the National Congress of a bill granting universities and scientific centers autonomy in hiring foreign scientists.

If that is done, the research institutes will be able to import primarily Russians with doctorates who have lost their jobs as a result of the end of the Cold War and the Soviet Union. Their salaries are low and equivalent to those paid by the INPE. That kind of experiment has already been tried by some of our country's research agencies.

"But our concern is to keep the already trained national know-how in operations," said Barbosa. To do that, according to the INPE's director, the government must attack salary distortions. An individual with a doctorate who works for a university earns 30 percent more than a colleague with similar training at the space institute. A good many of the scientists who have retired early are migrating to those schools and abandoning important projects. "Those distortions must stop; our problem with human resources is very serious," he said.

The INPE hopes that more comprehensive measures will be adopted to cover the entire scientific area, prohibit early retirement, and encourage qualified new researchers to apply for jobs. Barbosa said: "Anyone who is leaving now out of a feeling of insecurity has been a little hasty."

Chile

Chile: Congressional Group Resumes Tasks on Grape Case

PY2903032196 Santiago EL MERCURIO in Spanish 28 Mar 96 p C5

[FBIS Translated Text] Valparaiso — The Chamber of Deputies special committee in charge of investigating the case of the grapes poisoned with cyanide has resumed its activity in order to cooperate with the strategy to be outlined by the government to deal with the matter.

This decision was made following the U.S. Government's new attitude to analyze the case, as was stated by U.S. Secretary of State Warren Christopher during his recent visit to Chile.

On 1 April the commission will meet with Foreign Minister Jose Miguel Insulza at the Chamber of Deputies offices in Santiago (Ariztia Palace), and with Foreign Ministry officials in charge of the negotiations, particularly Ambassador Juan Martabit, to gather more information on the case.

The committee also invited Exports Association Chairman Ronald Bown and Fruit Growers Federation Chairman Ricardo Ariztia to attend the meeting.

The committee that investigates the grapes case was created in 1990. In 1991 it issued a report stating that the embargo imposed by the United States on Chilean fruit was a unilateral and discriminatory decision that was adopted without consultation. It added that the grapes were analyzed in a negligent way and that they were not poisoned in Chile.

Last year, with the Chamber of Deputies' approval, the committee resumed its work in an attempt to take direct steps before the U.S. Congress. Many reasons, mainly a request made by the Fruit Growers Federation, prevented the negotiations.

Committee Chairman Deputy Juan Carlos Latorre, of the Christian Democratic Party, said that the resumption of the committee's work and the meetings to be held on 1 April are aimed at learning about the progress

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achieved on the case in order to cooperate in the quest for a solution. He added, with reference to Christopher's remarks, that "we believe the comments made during his visit to Chile are encouraging."

Chile: Peruvian Boats Found Fishing in National Waters

PY2903004996 Santiago EL MERCURIO in Spanish 27 Mar 96 p C9

[Article by Mauricio Silva]

[FBIS Translated Excerpt] Arica — Maritime officials caught five Peruvian boats redhanded as they were fishing in Chilean territorial waters, and their 15 crew members were placed at the disposal of the international police for illegal entry into national jurisdictional waters.

The small fishing boats were surprised between 20 and 50 miles south of the maritime limit between the two countries at the level of the Vitor and Camarones inlets, some 100 miles off the coast.

These boats were identified as Leon Marino, Williams, Virgen de las Penas, Virgen de Copacabana, and Hermanos Huancayo. These fragile boats were fitted with 40-hp outboard motors which allow them to cover medium distances. These boats also carry and are equipped with food, kitchenettes, and sleeping mats for long trips, and several of them had been operating in Chilean waters for at least two days.

Various elements, the fishing equipment, and the fish caught were placed at the disposal of the customs officials. Some 200 units of blue fish [pez azulejo], similar to shark, were found in the holds of the boats. Schools of such fish are traveling southward, abandoning Peruvian waters. [passage omitted]

Chile: Foreign Ministry's Human Rights Adviser Resigns

PY2803223696 Santiago EL MERCURIO in Spanish 28 Mar 96 p C6

[FBIS Translated Excerpt] Lawyer Carmen Hertz will assume duties as acting Foreign Ministry human rights adviser, replacing Felipe Portales, whose resignation was accepted by Acting Foreign Minister Mariano Fernandez.

Referring to the arguments submitted by Portales in the tendering of his resignation, the acting foreign minister said that the current concern over the universal respect for human rights has been and will always be an important matter within the framework of executive branch foreign policy.

"The Chilean Government has a very clear human rights policy expressed in a pragmatic manner by the coalition during its two administrations. The Foreign Ministry, in the previous administration, was an instrument of that policy, and it will continue with that line," Fernandez said.

The acting foreign minister and Portales held a long chat regarding the latter's decision and the reasons that led him to resign from his post as human rights adviser.

They talked for almost an hour, after which Fernandez announced that he had accepted Portales' resignation, while Portales told the press that both the terms and bases of his resignation were very clear.

"You are aware of the clear and systematic policy of minimizing the importance of the human rights adviser's office, which has been conveyed on many occasions and which is an element of the cause, unfortunately," Portales said. [passage omitted]

Colombia

Colombia: Chamber Declares U.S. Envoy Persona Non Grata

PA2903010896 Mexico City NOTIMEX in Spanish 2210 GMT 28 Mar 96

[FBIS Translated Excerpt] Santa Fe de Bogota, 28 Mar (NOTIMEX) — The Chamber of Representatives of Colombia today declared U.S. Ambassador Myles Frechette persona non grata for casting doubts about the legitimacy of a committee investigating President Ernesto Samper.

The plenum of the parliament demanded that the Colombian Foreign Ministry act "more decisively" to stop the U.S. diplomat from continuing to "meddle openly in our country's internal affairs."

In a report carried by the weekly PORTAFOLIO, Frechette stated that the Accusations Committee, which is investigating Samper's role in the infiltration of drug mafia money in his electoral campaign, "lacks credibility here and abroad."

According to the Chamber of Deputies, Frechette's statements "constitute clear meddling in the country's internal affairs, and thus, the Colombian Government must present a strong protest to the U.S. Government."

Yesterday, the Colombian Senate requested the withdrawal of the ambassador for his "disrespectful attitude" toward the committee tasked with determining whether illegal funds were used in the electoral process that brought Samper to power in 1994.

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Frechette concurred with DEA Director Thomas Constantine who said days ago that there is no doubt about the presence of mafia money in the president's political campaign.

Colombian Foreign Minister Rodrigo Pardo described the demand for the U.S. ambassador's withdrawal as exaggerated, because, he noted, the diplomat did not voice his personal opinions, but his government's position, which is "completely mistaken." [passage omitted]

Frechette abstained today from commenting on the Colombian Congress' request, but he did reaffirm the U.S. decision to maintain its cooperation with Colombia in the struggle against drug trafficking.

Like the Senate, the Chamber of Representatives described the U.S. official's criticism as "undue meddling" in Colombia's internal affairs and as a violation of the principles of international law.

Colombia: Timing of Removal of Envoy Said Inappropriate

PA2803142696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 28 Mar 96

[Report by Antonio Panesso from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] The government could decide that this is not an appropriate time to demand the withdrawal of the U.S. ambassador. We could say that the most appropriate time has passed, but the ambassador has acted in ways that violate international embassy agreements and this is not the first time. Now, it is the Colombian Senate making this request.

This extreme concession by the Foreign Ministry could be interpreted as a weakness rather than a courtesy.

Colombia: Minister Says U.S. Must Change Policy

PA2803164096 Madrid EFE in Spanish 1451 GMT 28 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 28 Mar (EFE) — Colombian Foreign Relations Minister Rodrigo Pardo said today that the United States, rather than replace Myles Frechette, the controversial U.S. ambassador to Colombia, should change its obviously flawed policy toward Colombia.

On Wednesday, the Colombian Senate asked the administration to request Frechette's replacement. Frechette had said that the parliamentary commission investigating the infiltration of drug money into the election campaign of President Ernesto Samper, "has no credibility here or abroad."

Pardo told the National Radio Network (RCN): "I understand the Senate's concern, because I believe that a U.S. ambassador, or an ambassador of any country, should not make statements regarding a country's internal affairs."

However, Pardo emphasized that the "request that Ambassador Frechette leave is slightly exaggerated."

Pardo said that the Investigation and Accusations Committee of the Chamber of Representatives, which is investigating President Samper, and the entire Congress, "is the organization which our laws provide for such a case, and if we did not like them we would have to adopt mechanisms to change them, but not as a result of foreign pressure."

The Colombian foreign affairs minister, who is also under investigation for the "drug scandal" because he was the chief communications officer for Samper's 1994 electoral campaign, declared that "if there were a time in which we needed to converse with the United States, the time is now because there are problems and disagreements, and because we are annoyed by some U.S. attitudes toward Colombia," Pardo added.

Pardo warned that Frechette, "aside from his personal style, does not have a specific position, but that his position reflects the position of his government."

Frechette, who was born in Chile and speaks perfect Spanish, arrived in Santa Fe de Bogota in April 1994 amidst criticism, because he was believed to be one of those responsible for the breaking of the world agreement on coffee exports in 1989 when he worked at the U.S. Department of Commerce.

Colombia and the United States have had strong differences for over a year regarding the war on drugs and the 1 March decision of the U.S. Government to deny Colombia annual certification from among the 30 countries that it supervises each year because it believed their efforts against drug trafficking to be "insufficient."

Colombia: Samper 'Calm,' 'Confident' After Inquiry

PA2803140596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 28 Mar 96

[FBIS Translated Text] Santa Fe de Bogota — President Ernesto Samper Pizano said he feels calm and confident following his interrogation by Congressman Heyne Mogollon. He said he finally had an opportunity to defend himself. Some believe presidents have many opportunities to speak up and to defend themselves, when the truth is, there is no more defenseless person than the chief of state — especially when he renounces to the utilization of defense tools, he said.

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I have adhered to articles of the Constitution and democracy like any common citizen, the chief of state said.

Colombia: Samper Says Botero 'Dictatorial' With Finances

PA2903152296 Madrid EFE in Spanish 1521 GMT 28 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 28 Mar (EFE) — Colombian President Ernesto Samper has said in his interrogation before Congress that his former Defense Minister Fernando Botero was almost a "dictator" in his questioned electoral campaign, that he never knew anything about income or spending, and that he can only be accused of "illicit impoverishment."

"It is a paradox that they attempt to accuse of illicit enrichment the person who has enough merits to be rather charged with illicit impoverishment," Samper on Tuesday told investigator Heyne Mogollon, according to the text of the interrogation disclosed today.

Prosecutor General Alfonso Valdivieso has filed criminal charges against Samper before Congress, for illegal enrichment derived from the financing of his 1994 electoral campaign with millions of dollars from the Cali cartel. He was also charged with untruthfulness, violation of electoral laws, and cover-up.

The president reiterated during his interrogation that former Defense Minister Botero, who was the general director of his campaign and is in prison since July 1995, handled in a "dictatorial" manner the financial affairs, adding he was unaware of how much money got in, who gave it, and how it was spent.

According to Samper, the structure of the campaign "forced the candidate to be away from the financial and administrative handling, which was exclusively in his hands." (those of Botero).

The former minister, who became the main accuser of Samper after having been arrested, acted in the campaign, according to the president, "as the only head of a rigid vertical structure, with absolute autonomy."

Samper explained that the campaign for his election had a "nearly dictatorial structure" under the command of Botero, and that he just traveled the country, made speeches, presided over rallies, and granted interviews.

The president added that the millions of dollars from the Cali cartel, if they indeed existed, arrived without his knowledge to the campaign, and suggested that campaign treasurer Santiago Medina and Botero may have stolen that money.

Samper told Mogollon, in his interrogation lasting nearly nine hours, that there are indications of "probable deviation of funds from the campaign to foreign countries and its use by private individuals."

Botero confessed to the Prosecutor General's Office that he handled campaign money from his personal accounts in New York to dodge the laws on the ceiling for electoral spending, and according to Samper, who replied to the accusations of the former minister, these are a "sum of lies."

The president also said that he never knew the accounting of the campaign which, according to the Electoral Council, was adulterated to conceal expenses three times larger than the 4 billion pesos allowed ($5 million).

According to Samper, until now neither Medina, nor Botero, nor other accusers have presented one single piece of evidence of his culpability in the illegal handling of funds from his campaign "for one simple and plain reason: because they don't exist."

The president added that his ministers of foreign relations, interior, and communications, Rodrigo Pardo, Horacio Serpa, and Juan Manuel Turbay, respectively, also charged in connection with the so-called "narcoscandal," "did not have any financial or administrative responsibility, much less treasury responsibility."

On Wednesday prosecutors from the Supreme Court interrogated Serpa; Pardo is due to testify today; and Turbay has been summoned for tomorrow.

Samper also denied the accusations of Botero and the reports of the prosecutor general on political actions to block the police struggle against the Cali cartel, and presented to Mogollon an extensive report on the actions of his government in the war against drugs.

Regarding the recent U.S. condemnation to his drug policy, which entails sanctions for Colombia, the president affirmed that "this is the greatest of the injustices."

According to Samper, he was wrong in choosing Botero as his right-hand man in the electoral campaign and later naming him minister of defense, because he now suspects Botero requested that position "to use his portfolio in personal cover-up actions."

The Congressional Accusations Committee, over which Mogollon presides, must present to the plenum of the Chamber of Representatives the results of the investigation on the "narcoscandal," so that the Chamber decides whether an interpellation against Samper should begin.

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Colombia: Inravision Denies Suspension of Signal

PA2803190196 Madrid EFE in Spanish 1658 GMT 28 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 28 Mar (EFE) — The National Institute of Radio and Television (Inravision, state-run) denied today that the signal via "SUR" [United Retransmission System] satellite, which originates in Miami (USA), was cut off to prevent newscasts reporting on the Colombian "narcoscandal" from being transmitted abroad.

"SUR," a station that retransmits the newscasts of different countries, said its signal was cut off two weeks ago and the company issued a notice in the Colombian newspapers indicating that the reason it had suspended its broadcasts was because Inravision had encoded its broadcasts, which were openly transmitted in Colombia.

However, the organization that controls Colombian television described as "deceitful" the publications that assured that the suspension of the signal had sought to prevent reports on the investigation against Colombian President Ernesto Samper, who is accused of winning the elections with drug money, from being aired abroad.

Inravision indicated that the decision to take "SUR" off the air in Colombian seeks to protect the copyright of the local programs at the request of the Colombian businessmen.

"This decision is by no means related to the political crisis, but it was adopted due to the state's obligation to defend the interests of the Colombian television stations, which have constantly complained about their programs being pirated," Inravision stressed in a communique.

Colombia: VP Said Planning To Resign as Envoy to Spain

PA2903020196 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 28 Mar 96

[From the "Latest News" newscast]

[FBIS Translated Excerpt] [Station announcer Juan Gossain] Vice President Humberto de la Calle Lombana is working on the draft of his resignation letter as ambassador to Spain of the government of President Ernesto Samper Pizano. I repeat: Vice President Humberto de la Calle Lombana is working on the draft of his resignation letter as Colombian ambassador to Spain. Here is Javier Contreras.

[Contreras] RCN has just learned of the text of a four-page draft letter in which Humberto de la Calle Lombana tenders his resignation to President Samper Pizano as Colombian ambassador to Spain. This comes as a result of his disagreement with the call to hold new presidential elections to overcome the country's current institutional crisis. According to the vice president, the proposal to move up the elections is not the most adequate first because it requires an amendment to the Constitution, which has been in effect for five years.

In addition, the draft letter to which RCN has had access reiterates that a constitutional solution already exists in the case of the temporary or definite absence of the chief of state. The resignation is reportedly going to be tendered the Monday after Easter; that is, the Monday following Holy Week.

[Gossain] De la Calle is conferring on the text of the four-page draft of his resignation letter with some of his closest friends, including the person closest to his political activities; that is, Senator Luis Guillermo Giraldo Hurtado, a Liberal from Caldas Department. He also has conferred on the letter with other lawmakers, including Deputy Roy Barreras, a Liberal from Valle del Cauca. De la Calle would tender his resignation in approximately 15 days although Javier has said the week after Holy Week.

RCN has learned that de la Calle's resignation letter would be submitted from 10 to 12 April, or 15 days from today. It is highly likely, however, that the fact that RCN has broken the news will hasten the developments, and the letter may be submitted earlier. As Javier Contreras reported, the fundamental reason for the resignation that de la Calle is pondering and working on is prompted by the fact that he does not agree with the president's idea or proposal to move up the elections.

RCN this morning broadcast a letter by de la Calle to Senate President Julio Cesar Guerra Tula, noting that the idea of moving up the elections falls outside the Constitution, and, therefore, he does not agree with it. The draft of the resignation letter is four pages long and, we repeat, is being conferred with several of de la Calle's closest friends. The letter would be tendered between 10 and 12 April, or the week after Holy Week. [passage omitted]

Colombia: De la Calle Said To Deny Plans for Resignation

PA2903030696 Madrid EFE in Spanish 0131 GMT 29 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 28 Mar (EFE) — Various Colombian media on 28 March disseminated contradictory reports about the alleged, imminent resignation by Humberto de la Calle, vice president and ambassador to Spain.

A radio network and several television newscasts first stated that de la Calle had sent his aides and political

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friends in Colombia a draft of a resignation letter, but other media assured later the vice president has denied this.

According to the local "Seven O'Clock Newscast," de la Calle from Madrid has denied reports that he was planning to resign from his two posts due to differences with Colombian President Ernesto Samper.

According to that newscast, de la Calle will soon send a brief communique from Spain in which he will clarify that a document that circulated on 28 March at the Colombian Congress as an alleged draft of his resignation is "spurious."

A radio network and that same newscast had announced earlier that de la Calle had presented the draft explaining his reasons for resigning to four parliamentarians of his Liberal Party. According to the first reports, de la Calle would submit his resignation to Samper after Holy Week, possibly between 10 and 12 April.

In a letter responding to the suggestions by fellow Liberal and Senate President Cesar Guerra Tulena, de la Calle said today he would not resign because he understood that the responsibility of his post did not allow him to do so.

Guerra Tulena said in Brussels on 27 March that if he held de la Calle's post, he would resign to run as a presidential candidate in the next election (the Constitution says those holding public office one year before the elections may not be candidates).

In the same communication, de la Calle rejected Samper Pizano's latest proposal to move up the 1998 elections as a solution to the crisis his government is experiencing on account of the accusations that he was elected to office with money from drug traffickers.

Colombia: VP Says Resignation Rumors 'Not True'

PA2903041496 Madrid EFE in Spanish 0246 GMT 29 Mar 96

[FBIS Translated Text] Madrid, 28 Mar (EFE) — Colombian Vice President Humberto de la Calle Lombana today denied he will tender his resignation, as asserted by the media in his country, and said "the rumors are not true."

De la Calle, who is also the Colombian ambassador to Spain, gave exclusive statements to EFE through the press chief in Madrid, Juan Carlos Iragorri, at 0245 GMT on 29 March. He also said "it is not true that he had sent a draft to four parliamentary members of his party, the Liberal Party, outlining his motives for resigning."

De la Calle Lombana reportedly stated on 28 March, also in statements to EFE, that he will return to his country "when it needs me" and ruled out any possibility of resigning from his posts.

Despite the vice president's statements, various Colombian media today divulged versions of the vice president's alleged resignation.

Various radio station networks and television newscasts stated that de la Calle had sent his political collaborators and friends a draft letter of resignation, but other media stated later the vice president had denied this.

According to the first radio reports from Colombia, de la Calle will reportedly tender his resignation to President Ernesto Samper following Holy Week, possibly between 10 and 12 April.

In Madrid, Iragorri affirmed de la Calle's decision and said: "It is not true, under any circumstance, that the vice president and ambassador has stated his intention to resign."

Through Iragorri, de la Calle said that at no time "have I thought about resigning, and I ignore the origins of these rumors. I maintain what I have always said: 'When Colombia needs me, I will be there.'"

De la Calle today also responded to Colombian Congress President Julio Cesar Guerra Tulena who from Geneva requested the vice president's resignation.

"If I were Humberto de la Calle, I would resign from the embassy in Madrid and the vice presidency of the Republic, because he will be unable to reach the Presidency from his current position," Guerra Tulena affirmed.

Responding to Guerra, Humberto de la Calle said he views the vice presidency "as a responsibility and not only as an honor," and that is why, he said, "I will never dodge the functions assigned to me by the Constitution and which I have sworn to fulfill."

In the same reply to Guerra, de la Calle rejected Samper's latest proposal to advance the 1998 elections to resolve the crisis of his government over the charges that he won the Presidency with drug trafficking money.

"There must be in Colombia room for tolerance and coexistence as well as national unity around the solutions we require," de la Calle said on 28 March. He also said the task his country should immediately undertake is "to channel a true political reform that gives credibility to our democracy and eliminates, once and for all, the unacceptable intervention of drug trafficking in politics.

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In the early hours of Friday morning, Iragorri concluded that the vice president maintains his determination not to resign." [no opening quotation mark as received]

Colombia: Accusations Against Ministers Discussed

96SM0186A Santa Fe de Bogota SEMANA in Spanish 16 Mar 96 pp 24-32

[FBIS Translated Text] The news caused disbelief, even among Ernesto Samper's enemies. The three men closest to the president being summoned for questioning is an event that, in the light of the precedents set in the scandal over the "narco"-financing of the election, has thus far always meant jail. And the possibility of seeing Horacio Serpa, Rodrigo Pardo, and Juan Manuel Turbay detained seemed to be an excessive measure, even in the bottomless sea that case 8000 has proven to be. In a world in which it was thought that the capacity for surprise had been exhausted, the summoning of the three ministers for questioning, in a single day, baffled the public.

For the ministers, apart from constituting a severe blow, the act did not actually come as a surprise. Serpa, Pardo, and Turbay were formally notified of the summons for questioning after 0900 hours on Friday, through a telegram sent to them by the Prosecutors Unit in the Supreme Court. But the fact is that the imminence of the decision had been reported to them two days earlier by Prosecutor General Alfonso Valdivieso himself. In a conversation with Serpa on Wednesday afternoon, he revealed that the determination made by the unit, which has formal autonomy for making this type of decision, did not appear to be reversible.

That same night, Serpa and Pardo visited President Samper at Narino House. At first, the head of state appeared incredulous but, upon hearing the details of the information obtained by Serpa directly from his old friend in the Santander political battle and now prosecutor general, he agreed that the action had been decided. However, Serpa and Pardo had not visited the palace only to inform the president of the bad news. They also intended, very frankly, to submit their respective resignations to him. Samper expressed his opposition to that decision because, in his opinion, it would seriously destabilize the government and would ultimately debilitate the president himself. The ministers had to add to this opposition that of their attorneys, who think that resigning now from the ministries that they occupy would subject them to an immediate detention. The reason is that, upon losing the constitutional jurisdiction that protects members of the cabinet, they would be left in the hands of the regional justice system (that of the faceless prosecutors), in which a summons for questioning automatically requires detention of the accused.

But what unquestionably most influenced the decision of the two ministers not to resign immediately was their solidarity with the president. Ernesto Samper considers himself the target of a political persecution. His cordial, respectful relations with the Prosecutor General's Office in public are about to end, as has already been indicated by Samper's statements learned on Saturday at the close of this edition. If Fernando Botero's case is added, a third of his cabinet could end up in jail. And this can only be survived politically if the impression is left that there is a conspiracy against the government to overthrow it. This claim will gain supporters because, if such a situation is not the result of political interests, it would mean that the government of Colombia is a government of thugs. And no one who knows Horacio Serpa, Rodrigo Pardo, or Juan Manuel Turbay believes that they could have done anything that would deserve their ending up in jail, as if they were common criminals.

Serpa is a man with many political foes, because of his support among the people on the rank and file level. But never in his 30 years of public life has his moral integrity been questioned. Pardo and Turbay are men without foes and, last Friday, when the president associated the former with the quality of dignity and the latter with that of integrity, this description did not seem a platitude to those who know them. They are persons whose image is that of old fashioned public servants. Pardo is a man trained in the academic strictness of Professor Fernando Cepeda's outstanding students at the University of the Andes. Since he joined Virgilio Barco's group of advisers, his image has been that of an expert without personal ambitions. In the case of Turbay, the impression among those who know him is that of a person with a dedication to service, absolutely loyal to Samper, and lacking in individual political appetites.

For these reasons, it is taken for granted that Samper's radical rejection of their resignation is a sign that he will try to use the aforementioned image of his three collaborators in an attempt to demonstrate an alleged injustice of the justice system. The idea of their remaining in the cabinet until their detention is ordered warrants the prediction, in Serpa's case for example, that the possible arrival of the popular defender of the head of state at the site of his incarceration will take place amid a demonstration in support of the president.

With service records of this type, Samper will have ammunition with which to confront Alfonso Valdivieso. The president thinks that the prosecutor general is evinc-

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ing the kicks of a drowning man because the charge against him submitted to the Accusations Committee is weak. Since it is to be expected that there will be an exoneration at the hearing in Congress, Samper believes that the prosecutor general is trying to compensate for that juridical weakness with political pressure.

Valdivieso, for his part, is not suicidal, and spent four weeks measuring the recommendations from his subordinates by the millimeter, before gauging that enormous step for himself. The accusation against the ministers is brought by the Prosecutor General's Office, but the final verdict is in the hands of the Supreme Court, which has never been accused of being a party to any conspiracy. If all the charges of the Prosecutor General's Office against the ministers are rejected in the Supreme Court, the prosecutor general's reputation would be seriously undermined, and the government's theory about persecution would be confirmed. Therefore, the prosecutor general is aware that he is putting his political career on the line with these three interrogations. And many believe that he would not have taken this risk if he were not convinced that he is treading on solid legal ground.

Legal Ground

But what is that ground on which the Prosecutor General's Office is moving? Generally speaking, it involves acts which, although they by no means scandalize the public, technically produce criminal implications regarding which, according to the Prosecutors Unit, a judicial authority has no discretionary powers. Included in this category would be everything related to the violation of the electoral spending limits and the meetings held for concealment. Everyone knows that Ernesto Samper's campaign far exceeded the 4 billion pesos allowed by the Electoral Council. Since there were no precedents for conduct of this kind, because new electoral legislation was being initiated, it is quite likely that none of the directors were aware of the criminal dimension that would later be attributed to the situation. After all, Colombia has always been a country with tampered accounts, because there has been a tolerance for such practices. But the fact that, owing to these accounts, refunds were obtained from the state in amounts close to 2 billion pesos lends a clearly criminal nature to the misrepresentation in documents. If the campaign's administrative director, Juan Manuel Avella, is currently in jail as the material perpetrator of these acts, it remains to be determined who the intellectual perpetrators were. Fernando Botero has already admitted his guilt in a confession. Ernesto Samper denies his guilt. It is incumbent on the authorities to establish the degree of responsibility borne for this by the other campaign directors, as well as what kind of crime is involved when one has been informed of this but bears no concrete responsibility in the line of authority for the acts themselves.

One of the reasons that the ministers were summoned for questioning is based on the charges by Botero and other persons to the effect that all the high-level campaign directors were fully aware that the spending limits were being violated. Fernando Botero's feeling is that either everyone is in on it, or everyone is out of it. And the system for cooperation with justice generates problems that are difficult to avoid. For example, if Botero is in jail because of testimony given by Santiago Medina, how can individuals who have had testimony from Botero, or even from other persons, brought against them be left out of jail? It could be claimed that the ex-defense minister and the other witnesses are interested parties, but the same could be said of Medina. And although the justice system based on accusations has many faults, it is difficult to manage with preferences or subjectivity based on personal convictions.

The system was invented to speed up the administration of justice, and it is the judges who are ultimately responsible for crediting or discrediting the value of this testimony. Based on the system for cooperation established by the new Constitution, justice arrives at the end, and not at the beginning. Hence, it is likely that many of those who are or will be in jail are innocent. But this does not mean that the orders for imprisonment were not supported by a valid legal justification. Now comes the period for the defense. This will surely involve weighty issues, such whether, in criminal law, only the one who signs, or only the one who gives the order, is liable, and whether there can be no liability based on abstract factors of association or presumed knowledge.

Something similar is happening with regard to the charges of concealment. Few in Colombia doubt that, during the government's first year, the Samperist top brass were outdoing themselves in meetings, debating what action to take in view of the progress of Case 8000. Not even the persons accused of participating in these meetings deny their presence, and the three ministers are in this category as well. What is obvious is that, at the time of their participation in them, none of them thought that they were committing a crime. They interpreted those meetings as mere strategy sessions or meetings for political handling of a problem, and even went so far as to christen them with the name "crisis committees." The Prosecutor General's Office has given them a different interpretation. It claims that the purpose of those meetings was to prevent the

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information on crimes committed from coming to light. And the Prosecutors Unit regards this in itself as a crime.

In the Predicament

The aforementioned acts have given the ministers legal problems. Nevertheless, even if they are true, the perception on the part of the public would be that there is nothing serious involved. What would he serious to the public is if their names became associated with the "narco" dimension of the scandal. In other words, if they knew that the money with which they were running the elections had come from the Cali cartel. What has happened to many in this scandal has happened to the ministers. Simply because they were located at some point on the route traversed by the funds attributed to the Cali cartel, they have fallen into the predicament, without any clarification of their knowledge of the origin of those funds.

From what is known about the investigations to date, Horacio Serpa is more involved in this situation than the other two ministers are. Based on the concept that the cash funds from the Cali cartel had to be used to grease the machinery, the interior minister remained in the center of that entire process. It was he who had to decide and coordinate the sending of those funds, as well as the recipients. Since he played a leading role, his defense is based on the claim that, if the money came from the cartel, he had no reason to know about it. The guilt or innocence of Horacio Serpa will be determined on the basis of the credibility of that theory.

The situations of Rodrigo Pardo and Juan Manuel Turbay appear to be better in the eyes of the public, because their participation in the campaign was not directly related to the sending of money in banknotes. They will have to explain how it was possible for a bankrupt campaign to become rich again overnight, without realizing it. But, essentially, it is not their responsibility, and not all the members of a campaign are involved in the financial minutiae, nor do they have reason not to believe the explanations of those in charge. This is another gray area in which the innocence or guilt of the ministers will be determined.

There is no doubt that, if three honest persons are in an irregular legal situation, the fact is that the law is being applied with more stringent criteria than in the past. This could have elements of retroactivity originating in political acts derived from the scandal of case 8000. As has occurred here from the beginning, legal realities are being combined with political realities, which is inevitable. It is possible that, when matters are sorted out, and the end of the process is reached, the evidential value of the defense will prove that its liabilities were not so serious as they were interpreted by the Prosecutor General's Office when he summoned the defendants for questioning. But, at the moment, they are accused of having been present in the house at the time that the elephant passed through.

Serpa's Situation

The first accusation carrying weight in the suit against Minister Horacio Serpa is based on the coincidence of various testimonies to the effect that the then debate chief of President Samper's campaign had a direct involvement in the allocation of approximately 3.2 billion pesos in cash, coming from the Cali cartel, to the various regional treasuries for the runoff vote in the presidential election.

The coinciding testimonies putting Serpa in a delicate situation are those of ex-treasurer Santiago Medina, ex-minister Fernando Botero, and a secret witness, as well as some parts of the testimony of Patricia Pineda de Castro, the campaign's public relations officer. The latter confirms that Serpa knew about the turnover of those cash funds, and was the one deciding on their distribution.

As has been proven in the investigation, a few days before the runoff election, Serpa traveled to San Andres aboard a plane owned by Elizabeth Montoya de Sarria. On that trip, the now minister, accompanied by the now vice minister, Juan Carlos Posada, carried a briefcase containing 15 million pesos in cash for the campaign's treasury on the archipelago. Serpa has admitted these acts, but has denied that he knew who owned the plane or where the money originated. For this transaction, there is a receipt signed by Serpa and given to Medina for the 15 million pesos in cash.

On the subject of the distribution of cash funds originating in the drug traffic, Serpa has been identified in testimony collected in the investigation as the person who delivered over 300 million pesos to the various groups comprising the Alliance for Colombia.

According to Santiago Medina, Serpa was involved not only in the allocation of the cash funds from the Cali cartel to the regional treasuries, but also, on several occasions, in the procurement of funds presumably of illicit origin. Medina mentions that, shortly after the primary election, Serpa received in his office at the campaign headquarters the now confessed drug trafficker, Victor Patino Fomeque. The latter was accompanied by a friend of his, Ignacio Londono, better known as "El Tigrillo," because he was the son of the Valle del Cauca leader, "El Tigre" Londono. According to Medina, when the meeting ended Serpa took Londono and Patino to his office in the treasury to discuss contributions to the campaign. One of those

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contributions was made a few days later at the famous dinner at the Hotel Casa Medina, attended by nearly 40 persons, during which, according to documents contained in the case records, Londono, Patino, and four other friends of theirs contributed a check for 100 million pesos.

The secret witness of the Prosecutor General's Office supplements this information, claiming that Ignacio Londono also turned over to Serpa a briefcase containing money in cash at the campaign headquarters.

During the course of the investigation, the Prosecutor General's Office has been attempting to establish the extent of Serpa's knowledge of the violation of the campaign spending limits stipulated in the electoral regulations. If it is confirmed that Serpa had direct control over the 3.2 billion pesos in cash from the Cali cartel, since that money was intended exclusively for the runoff election, the legal limit for which was 2 billion, the interior minister could be accused of electoral fraud.

Apart from the preceding, the Prosecutor General's Office will attempt to confirm, in the statement to be made this week by Fernando Botero as a witness for the prosecution against the three ministers, whether Serpa participated in meetings of the campaign's top echelon at which the subject of the spending limits and the means of violating them reportedly were discussed. The aim is to establish whether these matters were discussed at the meetings of the campaign's so-called agenda committee, which were being held early every Monday morning at the candidate's residence. They were attended by Serpa, Botero, Rodrigo Pardo, Juan Manuel Turbay, Jose Antonio Vargas, Juan Fernando Cristo, and Samper himself. In addition, the investigation is seeking to confirm the holding of two meetings, one in mid-April and another a few days after the runoff election, in which Samper, Botero, and Serpa participated, and during which the topic of the spending limits reportedly was discussed.

Another point to be determined relates to Botero's having turned over to Santiago Medina, a few days before the runoff election, and in the presence of Horacio Serpa, 12 checks equivalent to $1 million, originating in collections made abroad. They were to be used in the campaign, and to be kept completely out of the accounts.

As for the possible crimes related to concealment, the Prosecutor General's Office will attempt to determine the role played by Serpa in over 30 meetings mentioned by Fernando Botero. According to the ex-defense minister, the purpose of those meetings, held during the months following the government's initiation, was to guarantee that what had happened during the campaign would never be revealed. At one of those meetings, held at Telecom's [National Telecommunications Enterprise] recreational houses in San Andres, Samper, Serpa, and Botero reportedly discussed the complaints made by the Rodriguez Orejuela brothers in a letter made known to the government through Santiago Medina during the second half of 1994. That letter reportedly contained a serious of complaints from the Rodriguezes, because the government was not keeping the commitments presumably assumed in exchange for the millions contributed to the campaign by the Cali cartel.

Finally, the investigation is attempting to establish the role played by Serpa during the weeks prior to Santiago Medina's detention, when the government was striving at all costs to prevent the campaign's ex-treasurer from cooperating with the Prosecutor General's Office. According to testimony contained in the investigation records, Serpa met with Medina several times to convince him not to talk.

Pardo's Situation

The accusations appearing in the suit against Foreign Minister Rodrigo Pardo are concentrated almost exclusively on the violation of the spending limits established by the electoral regulations. According to the testimony of Fernando Botero and Santiago Medina, the campaign invested a sum exceeding 8 billion pesos in advertising. This figure, which coincides with the analyses made by the Prosecutor General's Office of the campaign accounting, reportedly has been accounted for by purchases of posters, decals, and all types of advertising products. It also reportedly was reflected in the leasing of hundreds of billboards throughout the entire country, and the contracting of ads in newspaper and magazines. But the most significant portion reportedly was spent on thousands of radio spots and several dozen television spots.

The bulk of the advertising offensive of the Samper for President campaign, in fact, consisted of radio spots during the weeks preceding the election. Those spots reportedly were obtained as a result of agreements between the campaign and the major radio networks, for which only a minimum amount of money was charged. According to some of the testimony, Pardo participated closely in devising these agreements, which in some cases consisted of terms whereby, for every 10 spots paid for by the campaign, the respective radio network would donate 90 free of charge. Thus, those given free did not show up listed as an expense in the campaign accounts. Nevertheless, according to the electoral regulations, since they involved a contribution in kind, they should have been recorded as income assessed according to the commercial rates. Since this was not done, those agreements between the campaign and the net-

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works reportedly served to falsify the accounts, and to evade control of the legal spending limits. What the Prosecutor General's Office is attempting to establish is Pardo's role in that operation.

The Prosecutor General's Office also is trying to find out whether Santiago Medina's claim that Rodrigo Pardo participated directly in the authorization given by his office for the payment orders for advertising is true. Since this item alone exceeded more than double the amount of the total campaign spending limit, if Medina's statement is confirmed, Pardo would be considered to have inevitably been informed that the spending limits were being exceeded.

A testimony that could confirm the preceding is that of the campaign's ex-administrative director, Juan Manuel Avella, who claims that, during the course of the campaign, he warned Pardo that the limits on advertising spending were being violated. Other testimony in the process indicates that Pardo participated in the decision to use money collected in cash for advertising expenses, and to keep it out of the campaign accounts. Nevertheless, some persons who worked with Pardo in the campaign maintain that his association with advertising matters pertained more to the design and strategies for communication than to the payment of accounts and management of the funds allocated for that item.

As for the use of money coming from abroad, which also was kept out of the campaign accounts, Botero claims that Pardo was informed of it, because on a couple of occasions he had turned over funds from abroad to him, to pay debts contracted with advertising suppliers.

Finally, the investigation will seek to establish the role that Pardo may have played in the over 30 meetings held, according to Botero, throughout the first year of the government, reportedly for the purpose of carrying out various activities intended to conceal what had happened during the campaign, and to obstruct the course of the judicial investigations on the subject.

Turbay's Situation

In the case of the communications minister, Juan Manuel Turbay, the investigation is attempting to confirm whether he participated in the meetings during which, according to some testimony contained in the records of the suit, the campaign's top echelon devised the means for evading the spending limits stipulated in the electoral regulations. This measure was necessary for obtaining the refund of approximately 1.8 billion pesos in public funds.

According to Fernando Botero's testimony, Turbay was informed of many collected funds that were kept out of the accounts, some of which (such as those from the Japanese firm Mitsui) were obtained through Fernando Botero's checking accounts in New York City, as the ex-defense minister has confirmed.

According to the same testimony, the details of which will be expanded upon in the statement to be made by Botero this week to the Prosecutors Unit before the Supreme Court, Turbay reportedly took part in the collection of other funds abroad which, like those in the New York accounts, were never recorded in the campaign accounts. The aim was to avoid leaving a record of the violation of the legal spending limits.

The investigation also is attempting to determine the role played by Turbay in connection with a contribution equivalent to approximately $500,000, represented by sums in various foreign currencies, the actual entry of which into the campaign coffers reportedly was partial. The investigators are trying to establish whether that sum is the same one which, according to Botero, Elizabeth Montoya de Sarria and some friends of the murdered "charming blonde" collected for a contribution that the candidate himself reportedly agreed upon in April 1994 with Mrs. Montoya de Sarria. Persons close to the communications minister claim that Turbay has never handled accounts abroad, and hence could never have had anything to do with these transactions in foreign currency.

As for the degree of knowledge that Turbay could have had regarding the funds from the Cali cartel, some testimony that has been accumulating during the course of the investigation would indicate that the present communications minister might have analyzed, with Samper, the distribution decided by Horacio Serpa of the nearly 3.2 billion pesos in cash from the Cali cartel among the campaign's different regional treasuries for the runoff presidential election. There was also a distribution to certain non-Liberal groups supporting Samper's presidential camapign, such as the Alliance for Colombia. Since that amount alone exceeded the legal total of 2 billion pesos for the runoff presidential election, if the knowledge that Turbay had of those funds is confirmed, the communications minister could also be accused of crimes relating to the violation of electoral regulations, resulting in the campaign's recovery of 1.8 billion pesos from the public treasury after the runoff election.

As for the actions of the supreme government considered by the Prosecutor General's Office to constitute concealment of what occurred in the campaign, the investigation is seeking to confirm Turbay's role in the more than 30 meetings which, according to Fernando Botero, were held with the president of the republic by his main collaborators, presumably for the purpose of preventing the disclosure of what took place during the

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campaign. Botero also has claimed that Turbay participated in the famous dinner held at the Cavalry School.

According to one of the testimonies obtained in the investigation, Turbay also was aware of the content of the letter sent to the government by the Rodriguez Orejuela brothers during the second half of 1994. It was associated with a series of complaints from the cartel of the government's failure to keep the commitments that it reportedly assumed in exchange for the cash contributions in the millions made to the campaign by the cartel.

Colombia: Program To Combat Money Laundering Initiated

PA2903042396 Santa Fe de Bogota EL TIEMPO in Spanish 27 Mar 96

[Received via Internet]

[FBIS Translated Text] The government has initiated a program to combat money laundering and other crimes accomplished via imports. The means to be used in this endeavor is a comparison of accounts between the organizations that record foreign commerce.

Foreign Trade Minister Morris Harf Meyer has said they will compel importers to present thorough exchange declarations and will verify that the foreign exchange to pay for purchases is obtained at the institutional market.

He has said there are three sources of information: the record of Incomex [Foreign Trade Institute], the Customs declaration issued when the actual importation takes place, and the payment statement issued when the merchandise is paid.

This will allow a permanent follow up on the importation of goods and services. The goal is to control the illegal operations already mentioned as well as the counterfeiting of public and private documents, bribery, illegal enrichment, and swindling.

The Foreign Trade Superior Council has authorized Incomex to review importation records and to compare them to customs and foreign exchange declarations.

Incomex will ask the National Customs and Tax Directorate (DIAN) to deliver the information contained in the corresponding importation declarations. It will also receive from the Bank of the Republic information from the foreign exchange declarations.

The goal is to determine the manner of importation by comparing information and verifying that the foreign currency transfer occurred in the exchange market.

Forms of punishment are mentioned in the regulations ranging from fines on importers committing illegal operations to direct intervention by the Prosecutor General's Office.

Incomex Director Leonardo Sicard Abad has said the goal is to ensure all imports are channeled through financial intermediaries and to prevent "piecemeal payments abroad."

The official believes these measures will, for the first time, establish integrated controls over the inflow of goods into the country and over technical contraband. A main goal is to ensure payments to foreign purveyors by using an exchange rate lower than the real one.

A procedure that will be regulated will require importers to present a certificate of origin from the manufacturer stating article prices. This certificate must be guaranteed by the chamber of commerce of the country of origin and endorsed by the Colombian Consulate in that country.

In cases warranted by the evidence, the results of the investigations will be transferred to the Prosecutor General's Office, which will determine further action.

Among the crimes are infringement of the exchange statute and the violation of customs procedures, as well as related crimes such as the counterfeiting of documents and illegal enrichment.

Ecuador

Ecuador: Measures To Prevent 'Mad Cow' Disease Adopted

PY2803193396 Quito Voz de Los Andes in Spanish 1700 GMT 28 Mar 96

[FBIS Translated Text] The Ecuadoran agriculture and livestock minister has prohibited the importation of beef and beef byproducts from any part of the world to prevent, he argues, the entry of the mad cow disease.

Enrique Gomez, agriculture and livestock ministry under secretary for sectorial policies and investments, said that as of this week the government is banning the entry of products and byproducts using cattle bone, beef, and blood until an exhaustive research is carried out. After that it will be decide for what countries it will lift the ban.

Gomez said the measure was adopted despite the fact that Ecuador imports very few of these products and added that he wouldn't be surprised if some unscrupulous merchant from any part of the world decided to export to Ecuador.

The Confederation of Ecuadoran Farmers expressed their satisfaction over the official measure because they believe it safeguards this sector.

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No signs of this disease have been detected in cattle or human beings. The only means of contamination would be importing and consuming beef from England, according to Elias Rivadeneira.

Ecuador: MOMEP Begins 3d Stage Without Procedures

PY2903005296 Quito Voz de Los Andes in Spanish 2300 GMT 28 Mar 96

[FBIS Translated Text] Upon beginning the third stage of its peacekeeping role, the Ecuador-Peru Mission of Military Observers, MOMEP, has released a positive message that there is absolute tranquillity throughout the area under its control. But the MOMEP, which has not yet established the procedures for this new period, has been criticized in Peru for a supposed passivity with regard to verifying denunciations.

Brazilian General Francisco de Albuquerque has made an assessment of the MOMEP's performance, saying that it is achieving its goal of attaining a process of total peace.

Albuquerque, who is the coordinator of the MOMEP, has said that if the peace process improves, it means that there is a shared willingness by the two parties not to disrupt this process. The military observers are totally fulfilling the objective entrusted to them.

Albuquerque added that there is absolute tranquillity in the demilitarized zone, and that the MOMEP's objective is to achieve a process of total peace. It believes this is being achieved.

The MOMEP had concluded the second stage of its operations by the middle of March and immediately began a new extended 90-day period, although the procedures have not yet been established. They have thus complied with a request extended by the governments of Equador and Peru.

Ecuador: Opinion Polls Show Nebot With Clear Lead

96SM0165A Quito HOY in Spanish 3 Mar 96 p 1A

[Unattributed article]

[FBIS Translated Text] The confirmation that Jaime Nebot (PSC [Social Christian Party]) ranks first in electoral preferences, and the fact that, in the current election campaign, three of the leading polling companies in the country agree on the ranking position of the presidential candidates, with a minimum margin of difference among them, is a first interpretation of the three polls published today, with 76 days left until the primary election.

Not listed are Manangon, Marroquin, and Sanchez, three candidates who were disqualified by the TSE [Supreme Electoral Board]. The data were obtained at a colloquium of pollsters held at the FLACSO [Latin American School of Social Sciences] last Thursday.

Electoral Preferences

Based on data as of 29 February 1996, the three scores given for each candidate were obtained, from the following pollsters, respectively: Confidential Report, Cedatos [Ecuadoran Data Company], and Opinion Profiles:

Nebot: 35.0, 30.9, 35.2; Ehlers: 18.0, 17.5, 20.1; Paz: 13.0, 12.4, 12.3; Bucaram: 11.0, 11.5, 7.6; Vargas: 5.0, 5.5, 5.2; Noboa: 2.0, 4.1, 4.4; Gallardo: 1.0, 1.8, 2.3; Castello: 1.0, 1.0, 0.6; Velazquez: 0.0, 0.0, 0.1.

Ecuador: Vice Presidential Candidate Huerta Profiled

96SM0165B Quito HOY in Spanish 5 Mar 96 p 3A

[Article by Alejandro Ribadeneira]

[FBIS Translated Text] During the past few days, Francisco Huerta, Ricardo Noboa's vice presidential candidate, has been ill. He caught severe influenza upon returning from a tour of the coast, because the cold weather in Quito and the propaganda functions were detrimental to his health.

Known to his friends as "Pancho," Huerta was a candidate for the the presidency representing the defunct Democratic Party in 1984, and served as ambassador to Venezuela during the Rodrigo Borja government.

He retired from political activity for three years, during which time he engaged in developing social projects under the auspices of the Eugenio Espejo Foundation, of which he is director.

He joined the Radical Liberty Party and, associated with the Alfarist Radical Front, decided to support Ricardo Noboa's presidential candidacy in a center front, known as "Alliance for Change."

Since he is now suffering from influenza, he has decided to take care of his health, so as to begin another tour of the country.

Health and Education

However, the support for Noboa is not unconditional. Huerta agreed to be the "Alliance's" vice presidential candidate because Noboa promised that his economic policy would not be dissociated from the social elements.

The idea is to have coordination in dealing with the two elements, based on the system that Noboa offered

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to uphold. Huerta would be a kind of coordinator and inspector general, to observe how the government's social plans are being carried out.

The specific areas in which Huerta would operate are health and education. In this area, the plan with which Huerta would operate is already prepared: Noboa offered to make a reallocation of state funds.

Nevertheless, the Liberal candidate is well aware that this reallocation will not suffice. The execution of the health and education plans will depend on the foreign investment that is achieved. And, to obtain these funds, he will rely on support from Noboa.

He Will Not Head the Planning

As for the future role of the National Council for Development [Conade], Huerta suggests the establishment of standardized planning that would generate suitable coordination, so as to prevent the waste of funds. The candidate points out that there is currently enormous waste in certain areas, such as international cooperation.

The planning would be focused on stimulating the development of certain depressed parts of the country, and the generation of sources of employment.

However, Huerta would not head all this planning, which would be the responsibility of the Planning Secretariat. But he would be in charge of specific projects, such as the development of mini-enterprises.

Similarly, the Liberal candidate does not approve of establishing the vice presidency in Guayaquil, because that would not solve the problems.

He claims that the discussion should deal with how to decentralize resources. Therefore, Huerta proposes transferring the management capacity to the sectional agencies. For example, the provinces would administer their resources with greater autonomy for deciding, without so much bureaucracy, whether to build a highway or a bridge.

Francisco Huerta concluded by saying that the transfer of the vice presidency to another city, under the pretext of decentralization, could also transfer administrative inefficiency and corruption.

Ecuador: Vice Presidential Candidate Vinueza Profiled

96SM0165C Quito HOY in Spanish 6 Mar 96 p 9A

[Report by Alejandro Ribadeneira]

[FBIS Translated Text] Rossana Vinueza is delighted to be smiling and talking with people. During a propaganda tour in Quito, she paid an unexpected visit to the Conade [National Council for Development] daycare center, because she simply could not resist the temptation to play with the children for a moment.

This delayed the tour being made by Freddy Ehlers, with whom she forms the ticket of the New Country-Pachakutik Movement, backed by the Democratic Left, the Socialist Party, and the Conaie [Ecuadoran National Commission for Indian Affairs].

Rossana Vinueza de Tama is from Guayaquil, and has little experience in the political field. She was a council member representing the Alfarist Radical Front, but gave up her membership in that party as soon as her term ended.

She also has been Miss Ecuador, a director of television programs, and until recently, manager of the Tropical and Manzana gas company.

An ecological activist, she helped the Nature Foundation to expand along the Ecuadoran coast.

She belongs to the Catholic group, Opus Dei, something that created a controversy among the Indian leaders of the left supporting Ehlers. According to campaign spokesmen, it has now been surmounted. However, to prove that she is part of the team, Rossana is campaigning with the same palmetto straw hat worn by Ehlers.

A Bridge Between the Government and the People

The idea behind the Ehlers-Vinueza ticket is to reform the role of the vice-president — which, according to Vinueva, is currently conceived as a closed authority, without space for relating to the common people.

Vinueza hopes to be the bridge between the president, responsible for governing, and the people. Her intention is for the vice president (a female vice president in this case) to travel constantly throughout the country, and interpret the aspirations of individuals.

The headquarters of the vice presidency would be Guayaquil, to decentralize the administration.

The candidate does not think that the National Council for Development (Conade) should be abolished, but she does mention a redefinition of the role that this planning agency should play. Vinueza proposes the conversion of Conade into an agency for long-term planning, dealing with long-lived projects that would not be contingent on changes of authorities.

The candidate does not think that the vice president should be a technician or specialist in economics. Vinueza believes that the second in command should be someone who shares the president's social vision. The

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candidate remarks that the economic area is not the only important one, but rather that the souls of individuals should also be given attention.

Vinueza would operate in two basic areas: ecology and social policy. She has the intention of promoting ecotourism as an inestimable source of income.

And she intends to devote herself to the protection of children, women, and the aged — the sectors considered by Vinueza as the most defenseless in the country, particularly on the coast.

In fact, on every tour, during chats with party members, they always give a joint shout: "Long live women!" And Rossana is the one who expresses the slogan most passionately.

Those responsible for executing these projects will be the respective ministries. Vinueza would play the role of supervisor.

Ecuador: Vice Presidential Candidate Larrea Profiled

96SM0165D Quito HOY in Spanish 7 Mar 96 p 3A

[Unattributed article]

[FBIS Translated Text] His students consider him an overly serious person, but likeable and intelligent. In fact, Ramiro Larrea, the running mate of Rodrigo Paz, aspires to be a firm, hard-working, but respectable and cordial vice president.

Larrea was born in Babahoyo, but has resided in Guayaquil since his youth. Now aged 63, he is independent, and a full professor of public law at the Catholic University of Guayaquil.

The candidate boasts an outstanding record in the field of law. He had an interesting career as a judge, which enabled him to become president of the Supreme Court of Justice. Larrea became famous when he opened summary proceedings against ex-President Leon Febres Cordero for the use of $150,000 from a controversial donation to the Presidency of the Republic.

Before being named running mate of Rodrigo Paz, the vice-presidential candidate participated actively in the "Clean Hands" anticorruption movement. And he accepted the offer to join the Popular Democracy Party [DP] ticket because of his belief that "El Negro's" plans would solve the country's problems.

Above All, Respect

Like a good jurist, Larrea explains that, if he becomes vice president, he will play the role assigned to him by the state's Political Constitution. As everyone knows, the vice president is now an official who will carry out specific missions assigned by the president.

And Larrea has every intention of occupying himself with the economy and social policy. He would deal with specific aspects of the macroeconomy, health, and security.

The idea is that the economic policy should serve to solve problems, rather than generating speculation and excessive wealth, because that could cause the continued emergence of social demands based on protest.

But the forcefulness with which Larrea aspires to operate will not create the traditional antagonism between president and vice president.

It is anticipated that the two officials will coordinate these plans in an atmosphere of mutual respect, to succeed in making the government work. After all, Larrea is not from the DP.

Toward a National Coalition

However, to implement Paz' ambitious plan, it would be necessary to gain the support of all the national sectors involved in the country's development. Larrea would promote a great coalition of all these sectors (workers, business owners, politicians...), to implement the government's plan.

In the economic area, the plan is intended to promote the modernization of the state, and the multiple, sectorial growth of the economy. All these elements are linked with the joint social development proposed by Rodrigo Paz. Larrea claims this to mean that the economic policy will not clash with the social policy.

Larrea would devote himself to ensuring that health and education receive 30 percent of the state budget, and not the 14.5 percent that they are currently receiving.

Ecuador: Presidential, Vice Presidential Candidates Viewed

96SM0165E Quito EL COMERCIO in Spanish 3 Mar 96 pp A6-A7

[FBIS Translated Text] Calling them mismatched couples would be succumbing to a platitude. But not because they are such: rather, because it is less descriptive of the reality embodied by the nine tickets aspiring to occupy Carondelet starting in August 1996.

A politician and a diplomat, a businessman and a jurist, a military man and an academic.... Mismatches on that account? Not so much. The most obvious case, if we are talking about those involved, would be that of a TV producer (Freddy Ehlers) and an ex-beauty queen (Rossana Vinueza).

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The contrasts between the electoral pairs do not appear to be a disadvantage nor a contradiction. Those tickets reflect the country's social and cultural diversity. As a result, we can claim that they are combinations involving new sectors (besides the political) in the exercise of politics at the most crucial time for democracy: the election of two citizens to the supreme magistracy.

What has been revealed as most mismatched are the political-ideological cocktails that have been formed. The most blatant case is that of Abdala Bucaram with Rosalia Artega. "Nothing unites us, everything separates us, vote for us" could be their slogan.

Can this couple be considered on a par with the formation of the ticket with Jaime Nebot and Diego Cordovez, or that of Ricardo Noboa and Francisco Huerta? By no means. Apart from their electoral calculations, Nebot and Noboa might, in their decisions, be embodying some of the new international realities.

In fact, considering the state's major policies, there is no maneuvering room to allow any ideological differences to be maintained artificially. If their cases augured the disappearance of such parties in Ecuador, it would be a good effort. But it is too optimistic to expect that. Unfortunately, the candidacies of Cordovez along with Nebot, or of Huerta with Noboa, have not been perceived as anything but personal gestures that in no way involve the political sensibilities of the causes in which they have militated.

Nor has Freddy Ehlers' running mate been analyzed as representing an effort for national synthesis transcending differences, religious or otherwise, that are normal.

By the same token, it is possible that there has not even been (and hence the country may not have appreciated) any intention of achieving rapprochements among other candidates (Frank Vargas, for example) with sectors (the academic) that are not a traditional part of the candidate's political landscape. Therefore, the mismatch is not a critical characteristic. It is, rather, a summons to become aware of a diversity in which not one, but all of the parties, and not one candidate, but all of the citizens, will have to become established.

What is surprising and disturbing is that this disparity should be a movement confronting an electoral situation, instead of a political concept, the maximum reflection of which is the ticket itself. That opportunism (what else could it be called?) is instilled in the Ecuadoran political culture. And this election will be no exception in that respect.

And there is opportunism, because the platforms (pardon, the few that exist) are not a synthesis of differences. Some criticize Cordovez for having become united with Nebot: for that act alone, without asking themselves whether the country would gain from such a combination. The same thing could be said (or asked) in the case of Rodrigo Paz with Ramiro Larrea, or Freddy Ehlers with Rossana Vinueza, etc. The alliance is condemned, instead of criticizing the lack of platforms that should synthesize the new realities.

This is one of the main problems in Ecuadoran politics. In other words, in what respect does Jaime Nebot change through being joined by Cordovez? In what respect does he become more liberal, or forced to view the country's realities or the international realities from different angles? How does Mrs. Vinueza make Ehlers more pragmatic, or to what extent does she help him to make his electorate — which is by definition more conservative — understand new processes? Those questions are not being asked, as if the present political divisions made sense, and, particularly, had substance.

There are no platforms. If there were, if they were in the consciences of the voters, and not merely in leaflets written at the last moment, Rosalia Arteaga could not become linked with Abdala Bucaram, not because he does not deserve it, but because political sensitivity would not allow it. Since this is not the case, the electoral process does, in fact, permit that, and more.

The tickets also (and this may not even be mentioned) show another reality, in which there has been little progress: the existence (not geographical, but mental and political) of the sierra and the coast. Here, diversity also must be hailed. But the tickets have been devised seeking only that regional balance: a candidate from the sierra (better to be from Quito) and one from the coast (better to be from Guayaquil). They all meet this "requirement," even the MPD [Democratic People's Movement], which claims to be, above all, an ideological party.

This condition, accepted without criticism, entails a limitation for the country: the lack of a national design, and weakness with respect to regional differences.

Nebot-Cordovez: ...Or, How To Avoid the Collision of Two Great Trains

When it was learned that Diego Cordovez was the one chosen by Jaime Nebot, and that the former had agreed to be his running mate, this was claimed to be an unnatural combination. Cordovez' participation as ex-President Rodrigo Borja's foreign minister did not appear to bode good results.

Does this mean that his commitment to Borja was in foreign relations, and not in the Social Democratic platform? Cordovez defended himself by claiming to sup-

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port Nebot's social proposals and to be an independent — although no one is quite sure what that might mean.

Nebot won. Suddenly, he expanded toward the sierra, and to other ideological groups. There, he also sent a message of openness (good for someone considered sectarian) and, in his fashion, split the system of ideological war between the left and right. Cordovez provided him with another benefit: his international contacts, and an in-depth knowledge of international financing, loans, assistance, and contributions that the country is not using. At least, that is what he claims.

Nebot won with Cordovez; the contrary is not certain, for the present.

Politically, some consider him a dancer. If they are elected, those criticisms will increase, unless Nebot becomes permanently dissociated from the authoritarian system promoted by Leon Febres Cordero. What will he do if the ex-president puts into operation the telephone line between the Mayor's Office in Guayaquil and Carondelet? Another question regarding the ticket with the best rating in the polls: its character. Both members have tempers, and both have a strong ego. Being aware of this (and controlling it) will help them to avoid the collision of trains that has already occurred previously between president and vice president in Ecuador.

If Nebot is elected, he knows what he wants his vice president to do: devote himself to international relations. Included among the priorities is regional and continental economic integration, and particularly, the boundary issue with Peru. That is one of the great unknowns if the negotiation process is not completed by the present administration. It is known that Diego Cordovez has reservations, but his international experience (in Afghanistan, for example) will, because of the pragmatism that it demands, influence the interpretation he makes of what the new realities actually are.

Paz-Larrea: Paz Wants a Vice President With a Low Profile

Rodrigo Paz is a businessman and a career politician. Ramiro Larrea is a jurist and university professor. What are they doing together on an electoral ballot? Larrea's argument is: "We are agreed on the principles, proposals, and solutions; it is not an interpersonal alliance. Paz is a succcessful businessman with social sensitivity."

But how many electoral assets does Larrea contribute? Politics in Ecuador is practiced according to a patronage system. When viewed from that standpoint, Larrea would not necessarily represent more votes. He is respected in the classrooms, but is little known outside of them. He has his version: His work in the peasant organizations in Guayas and Los Rios, through the Ecuadoran Center for Agricultural Services, will be seen at the polls. The friends of the vice presidential running mate have claimed that, while he may not contribute votes, he will not take them away either....

And what would he do as vice president? Neither planning nor finances. Paz does not appear willing to repeat Sixto's system with Dahik. He wants to pull the economic strings, inspired by his experience as a businessman and ex-finance minister. Larrea has been associated with economic analysis, but Paz has given priority to the man representing culture and social sensitivity. In the vice presidency, he could complement his image as a banker and a pragmatic person: too pragmatic in the eyes of some.

Paz wanted a running mate linked with education in particular. Hence his previous attempt to bring in Nila Velasquez, vice rector of the Catholic University of Guayaquil. The ex-mayor of Quito adds two ingredients: "I wanted a person linked with the social area, with a virtuous, clearly defined life."

Larrea's task is defined. He has been asked to be the coordinator of the social sector. From a personal standpoint, and owing to the low profile that Paz apparently intends to give to the vice presidency, there could be a good understanding. Larrea remarks: "That is why our proposal is aimed at invigorating the economy, so long as the wealth is distributed and the social problems are solved."

The personality of the candidates: there is, indeed, a difference there. Paz is jolly, informal, extroverted; Larrea is introverted (this is the impression that he gives), and speaks little. However, his friends have a different impression, because they claim that he tells jokes, and plays the piano and the accordion...

Ehlers-Vinueza: Freddy and Rossana, or Pandora's Box...

Freddy Ehlers wants to combine water and oil. The fact is that his political profile is not very well defined. Is he more radical than Rodrigo Borja? Will he be like Alan Garcia in some ways, and like Allende in others? Is he a Social Democrat, and what does that mean here and now? Does he convey the expectations of radical groups, while she appeases the more conservative sectors?

Does he represent the Liberal groups, including those in the religious camp, while she represents the more traditional ones? Does he call new movements into electoral activity (Indians, ecologists...), while she carries along the status quo? There are no points of coincidence, apart from the ecological area, claims the edi-

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torial writer, Henry Raad: "Geographically: they only have that contact; everything else is differences."

Francisco Rhon, director of the Andean Center for Popular Action [CAAP], claims: "Both are identified in their discourse, with which they are luring a new social sector, that of the ecologists, and the popular, ethnic, and trade union organizations: in short, a sector seeking a response, which carries weight in the elections."

What remains to be seen is what the country would win with their election, especially when this ticket responds to current situations lacking the consistency (relative, to be sure) of a political party. It is known that they have no government platforms nor credentials for service in public administration. Nor is it known who will accompany them. Ehlers-Vinueza: it is like a jack-in-the box.

There are no known clear criteria or policies on production, employment, regional integration, health, public security... The discourse, humanistic in some instances, and well-intentioned in others, does not take the place of the definitions that Ecuador needs. What many praise in them is the fact that they have brought new issues to the campaign and, particularly, social spokesmen, who had appeared unwilling to accept the democratic game expressed in the polls: especially the Indians. One head of a production union claims that their candidacy is valid for this reason.

That ticket is like playing roulette: it is possible that, with them, the reprogramming that the country requires may be achieved. But they could prove too closely tied to their social base, opposed to many changes that the country requires. And it is also not known how the pair would get along in the government.

Castello-Rosero: The Ticket Best Anchored to the Past

"Don't talk to me about politics, but rather about sports," says Lenin Rosero. Nothing better indicates the difference in the pair that is the most ideologically homogeneous in this electoral contest.

Rosero, the vice presidential hopeful of the Democratic People's Movement [MPD], did not know that his party would nominate him to be the running mate of Juan Jose Castello. Rather, he was expecting a provincial or possibly local candidacy, because of his political profile, which has been kept low in recent years.

He was selected on the basis of party strategy. The MPD is typified by its refusal of alliances with other parties and its rejection of the famous outsiders. In that context, Rosero represents a large number of votes from the Pichincha amateur soccer clubs, with which he has collaborated. He could also bring in the votes of leaders from markets and low-income districts of southern Quito, not counting the financial contribution from some of his properties.

His designation is not so incidental, considering the fact that Rosero belongs to a wing of the party different from that of Castello. Castello is from the teachers' group and that of the UNE [National Union of Teachers], while Rosero is from the traditional MPD groups. The PCMLE [Marxist-Leninist Communist Party of Ecuador], a third wing of the party, remained outside this time.

The two candidates admit to having merely professional differences: Castello is a professor, Rosero a lawyer. But their styles are radically opposed. Castello is impetuous, impulsive, with a strong tendency toward distrustful and irreverent conduct. Rosero, on the other hand, is calm and inflexible, without any major eccentricities. He gives the impression of being a repentant socialist, financially well-off, and not a very keen follower of Mao.

If they arrive at Carondelet, Rosero will direct the economic area, and Castello will devote himself to education and political management. What they do share is the Marxist-Leninist ideology, and therein lies their greatest inability to achieve electoral growth. Unlike Ehlers-Vinueza, they have stated what they would do at Carondelet, and the people must be made to believe it. Their methods are taken from an ideology that is incompatible with the new economic and world realities. And their social base (teachers, a labor union, a few peasants) will have a strong effect on preventing the clock from being set on time. For that reason, there would be no major difficulties between the presidency and the vice presidency.

Gallardo-Molina: A Military Man and a Technician, a Duo That Does Not Fit

They are personal friends, and that is an advantage. Jose Gallardo was born in Pinas, in El Oro Province, and lived in Quito. Julio Molina was born in Cotopaxi Province, and lived in Guayaquil, the sierra, and the coast.

They met by coincidence: working on Civil Defense in Guayas. Jose was doing so as an officer in the Armed Forces, and Julio Molina as a private businessman. That was in 1981, during the conflict with Peru.

In 1992, Gallardo and Molina undertook projects in the suburban districts of Guayaquil. They built and equipped 39 children's daycare centers, which are still in operation now.

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One is a member of the military, with political intentions (always); the other, a businessman who encouraged his friend to enter the political arena. Gallardo always considered Molina as his running mate, although he delayed some time before revealing it. He prized the latter's friendship, and the quality of being "genuinely independent."

Gallardo underscores Molina's record as a guild leader: He was president of the Guayas Association of Economists and of the National Federation of Economists of Ecuador. He is currently vice president of the Latin American Association of Economists, and also has become sports director for Guayas.

Gallardo's personality is guaranteed (those around him claim) by his military career: He is the kind of person who works with plans and fixed budgets. He is a stubborn man, in the good sense, honest, and conservative. And that is how he appears. He becomes personally involved in things: he wrote a large portion of his government plan by hand. Molina delineated the major policies, because he is a planner of socioeconomic projects. The complementation is real. Gallardo has attempted to expand his political capacity, while his vice president (little known on the national level) positions himself on levels of the establishment as a technician with economic management. Both play at being practical and pragmatic.

The pair will get along at Carondelet. But in order to arrive there, they have growth problems. The general, with little presence in the polls, does not seem to have the acceptance that was predicted for him after his departure from the Defense Ministry. And, by the same token, his government platform continues to be inspired by general systems, with few concrete references.

Noboa-Huerta: Undecided Non-Molotov Ticket

There is taste in variety. Or is there distaste? This could describe the candidacy of Ricardo Noboa Bejarano and Francisco Huerta Montalvo.

An ex-Social Christian and a well-known Liberal, they claim to get along very well. In their fashion, they also cast doubt on the ideological barriers that lost relevance after the collapse of the Berlin Wall (at least those that were being manipulated until that time). But is what is being claimed really happening? Ricardo Noboa is not very far removed from Jaime Nebot; at least, that is how he is viewed. This is one of his disadvantages in the perception that certain social groups might have of him, especially when the polls are giving a wide lead to the Social Christian candidate.

Are Noboa and Huerta now personally, politically, and ideologically identical through osmosis? Both are wagering heavily: the candidate for president dabbles in social thinking with a certain flavor of intellectuality which, in fact, is possessed by Huerta: that veteran of politics and health who created the Eugenio Espejo Foundation, and who is attempting to prevent the death of the Liberal Party with his alliance. But there is no need to exaggerate: both have large libraries in their homes, the contents of which they do seem to have read.

The times when Noboa was a Social Christian leader, in a party described as dehumanized, are in the past. Huerta has the same opinion. The two of them, grappling with certain realities, are attempting to flirt with a move to the center.

Both were ministers, one of industries and the other of health. Both (a curious detail, but who knows?) have a marked taste for blue suits. But there is no perfect marriage: while Noboa prefers to listen to music, Huerta is inclined toward paintings, and his collection of wooden, glass, and metal art objects.... Noboa is in shape, while Huerta hopes to lose weight during the electoral journey.

In this unique political cocktail, according to Noboa, the vice president must be loyal and give advice on matters of state. Vague, insufficient? So it is, for the present. Huerta remarks, thinking of the president, that he should have experience and, particularly, honesty. These apparently are the bases for the success of this pair. Their government program should confirm the great understanding that they claim to have. Even more so, considering the fact that they attach little importance to the differences in numbers or opinions.

Bucaram-Arteaga: The Couple in Which She Will Always Lose

Abdala Bucaram does not believe in political marketing? Tell that to someone else. One need only observe the change that he has undergone during the three electoral campaigns: He gave up wearing the traditional starched white guayabera shirt, replacing it with a jacket and tie. But, since his discourse could not be changed so easily, he chose a running mate who is, perhaps, the most contradictory in the campaign. And, with Rosalia Arteaga, he scored a goal that few politicians could drive in.

Contradictory: that is what has been claimed. The pair have different styles, discourses, friends, beliefs, tastes, perfumes, and even thoughts. Bucaram's campaigns since 1988 have been typified by the most elementary populism. His discourse fluctuates between demagoguery and conservatism. His style is direct, raving at times, and always vociferous. His attacks are always

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aimed at what he calls the Ecuadoran oligarchy. Abdala is a millionaire.

Arteaga, on the other hand, is known for her verbal moderation, her high level of tolerance, her meager political maneuvering, and her vision of what the role of women is. She stood out as the woman with the best chances of proposing her own government platform some day. Haste betrayed her. In this combination, she is the one who loses most, after her political and ideological deviation during the past few months, because it is incumbent on her to subscribe to Abdala's attacks on the establishment of which she is a member. It is also incumbent on her to tolerate procedures and behavior that she is far from ever adopting personally. In Cuenca, Arteaga has lost: her acceptance among the middle- and upper-class sectors was damaged.

On the other hand, her contribution is great: she lends Abdala a halo that he lacked, and enables him to enter electoral areas which, owing to his own profile, had been prohibited to him. She does, in fact, contribute a knowledge which, although partial because it originates only in the Education Ministry, has enabled her to visualize the country's overall needs. All this in exchange for what? Abdala Bucaram has no government platform that would be supported. And her moderate, democratic character would convert her, if she were to arrive at Carondelet with Bucaram, into just another minister.

Bucaram has already given her notice: the role of Sixto's ex-minister will be definitely social, giving an impetus to women, education, and health.... She has accepted this publicly.

Vargas-Vicuna: Heated Discourse Versus Theory

The recent trouble in which Frank Vargas was involved over the abandonment of the Democratic Left and Jorge Gallardo, his first running mate, left him sleepless, regardless of what he claimed.

With his new running mate, Leonardo Vicuna, he maintains more ideological affinity. Both admit this. A careful look allows one to spot trouble: Vicuna was a Communist Party militant. Vargas, an ex-member of the military, is a partisan of a more moderate left. Nevertheless, the general admits that, "While Leonardo Vicuna has been active on the left, my position is not very far removed: My proposal is nationalist, revolutionary, and ecological."

For obvious reasons, Frank Vargas depicts Vicuna as one of the best-trained men in economics. There is evidence that works in his favor. He has published 12 books on economic features of Ecuador and Latin America. He would manage the National Council for Development [Conade]. There is agreement that the economy will be committed to a state that is regulating, transforming, and a participant in the country's social policy. However, it will not neglect private enterprise on that account. In a word, the formula is called a mixed economic system.

Major differences? If one listens to them, there are none. There is agreement on the propositions that have been submitted so hastily as sociopolitical. They are separated by the environment in which they have developed, and by character. Leonardo Vicuna is an economic theoretician. Vargas was the top-ranking chief of the Air Force during the early 1980s; and, starting in 1986 — the date of the uprising that he led against ex-President Febres Cordero — he moved into politics.

Vicuna is a calm man, and his profile is one of an academic whose life has revolved around the area of the University of Guayaquil, of which he became vice rector for two terms (1979 and 1989).

Frank Vargas is effusive, impetuous, and emotional. In some of his speeches, he has managed to instill the notion that he sometimes believes more in muscle than in the force of argument and reason.

It is not known whether the balance lent to him by Vicuna would be maintained if they should arrive at Carondelet. Vargas has a reputation for listening little and often acting on impulse. His speeches show that, while he does have intuition, he lacks a definite platform.

Velasquez-Yepez: A Duo That Is a Couple: Faith Assists Them...

Jacinto is an old fox in politics. During the 1980s, he initiated a movement that was later converted into the Popular Democracy Party. He joined the Social Christian Party and resigned in 1985; he founded the PUR [Republican Unity Party], and left when Sixto became ensconced at Carondelet.

His running mate, Tito Yepez, has dabbled in politics, but very slightly. During the 1980s, his maximum participation was confined to the formation of the Democratic Party; and, during 1991, of Action 2000, a movement that backed the PUR but did not spread.

Velazquez has been a deputy representing the PUR. Yepez has practiced his profession as a lawyer, and has not held public offices. Since Velazquez was born in Guayaquil (aged 56 years), his running mate obviously had to be from the sierra. That is why he chose Yepez, who was born in Ibarra 50 years ago. The law unites the pair: Velazquez is a constitutional expert, and Yepez is a jurist. They met in "Action 2000."

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Neither believes that there is a right, a center, or a left. Both believe in the end of ideologies. What is left? The pair claim to be humanists: they are not on the side of neoliberalism nor of revolutions. All that ended with the Berlin Wall. Their shared slogan: "first man, then capital, and later the state."

What else unites them? Being independent, they claim. But, obviously, that situation of being independent means that, for the present, they have no party. In their case and others, this concept does not associate attitudes or philosophy regarding life with political implications.

Velazquez is more of a politician, and Tepez more pragmatic, more of a technician. In interviews, the candidate for the presidency does not attach importance to what the other candidates say. On the other hand, both claim to have a clear idea of what they will do at Carondelet in the areas of energy, petroleum, the petrochemical industry, and the return to the rural areas. Ecology has been one of their key issues, even before Ehlers' arrival.

Yepez swears that they will operate like twins if they attain the presidency. The discourse of the strong man does not suit them. The pair will be a team, with the same bases. Their character aids them: Velazquez is expansive, and Yepez is rather shy.

For the present, they have a record that they share with stoicism: they are at the tail end in the polls. But, as we know, faith moves mountains; hence, they assure anyone willing to listen to them that they are going to win. Amen.

Paraguay

Paraguay: Workers' Federations Begin 24-Hour Strike

PY2803145796 Asuncion ABC COLOR in Spanish 28 Mar 96 p 3

[FBIS Translated Text] Shortly after midnight Pedro Parra Gaona, National Workers Federation [CNT] public relations secretary, officially launched the third national strike during Juan Carlos Wasmosy's administration. The act was staged before a group of enthusiastic workers from the capital and interior of the country and members of the workers' federations CUT [United Workers Trade Union Federation], CNT [National Workers Federation], CPT [Paraguayan Confederation of Workers], and Cesitep [Public Workers Unions Central].

CNT Secretary General Eduardo Ojeda's address to the crowd was received with a general applause. Ojeda said that workers "are starting a war against the hunger-provoking neoliberal economic policy of the Wasmosy administration. Workers are coming out into the streets, in spite of provocations and threats, to struggle for their legitimate rights. The Paraguayan people have shown that they are not frighten by tanks or thugs. We will fight for our demands to the end, using this tool of struggle: the strike," Ojeda said.

The CNT leader added that workers must fight to eradicate general misery, hunger, and corruption. "Today we warn President Wasmosy and his assistants that they can no longer continue deceiving the people. We tell Justice and Labor Minister Juan Manuel Morales that this general strike is legitimate. This government has two alternatives: They give us what we ask for or the president must resign," Ojeda said.

The second speaker was CUT Secretary General Alan Flores, who started his speech questioning government policies and emphasizing that the strike was provoked by the national authorities' lack of sensitivity. "The main goal of the strike is an urgent salary adjustment. It is impossible to continue living with a salary of misery that only makes people more miserable. We want a democracy for everyone, a democracy with social justice, bread, health, and education," Flores said.

CPT Secretary General Geronimo Lopez stressed the importance of the strike and called on society to support workers' demands. Lopez said that their petitions are just and that the government must listen to the demands set forth by labor federations.

Cesitep Secretary General Reinaldo Barreto spoke last. Among other things he questioned the government for not listening to public workers' demands.

Some 350 taxis from around the city arrived to the area during the rally. At the end of the act striking workers returned to their headquarters from where they will go to the different rallies that will be staged at the beginning of the day.

Paraguay: General Strike Staged Without Major Incidents

PY2903035796 Asuncion RPC Television Network in Spanish 2350 GMT 28 Mar 96

[FBIS Translated Excerpt] The general strike called by Paraguayan trade unions proceeded with remarkable peacefulness today. The police should be commended for their handling of this situation.

The third nationwide strike called by the four Paraguayan trade unions was observed by 90 percent of workers in the capital city and the leading cities of the interior. The success of the strike action was

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based on the paralysis of transport services: Despite the announcement made by transport companies' businessmen to the effect that bus service would be normal, the deserted streets of Asuncion and other cities were a testimony to the degree of observance of today's strike. [passage omitted]

Informal sector workers as well as producers and suppliers of farm produce joined the strike. The private banking system was also affected by the stoppage because the Paraguayan Central Bank had no option but to close its windows in view of the total absence of clerks and cashiers, who supported the strike. [passage omitted]

Few people were seen in the downtown area. Several groups of trade unionists staged demonstrations and marched through the streets while the National Police timidly oversaw the development of the strike. The Justice and Labor Ministry authorized the use of Army vehicles to transport workers despite the trade unions' vociferous protest. No major incidents were reported, with the exception of some scuffles in the area near Madame Lynch Avenue and actions taken against an informer [preceding word given in Guarani] during a protest rally held at Plaza de la Democracia. [passage omitted]

Justice and Labor Minister Juan Manuel Morales challenged arguments put forward by trade union leaders, who claimed that nearly all the citizens countenanced today's general strike. During an interview with RPC Television Network, Morales asserted that the strike has been politicized:

[Begin Morales recording] I think that the outcome of the strike will be positive if these gentlemen become aware of the fact that the best way of having their grievances settled is through dialogue and negotiation. [passage omitted] Many people did not go to work because they were afraid, and this is very sad. [passage omitted] The trade unions said they will stage four strikes in order to demand the resignation of the president. This obviously has political overtones. There is only one demand that could be negotiated right away, which is the wage hike. [end recording] [passage omitted]

Workers' demands for a 31 percent pay rise and other social demands seeking an improvement in workers' standard of living were fully supported by owners of retail businesses and street vendors from Market No. 4, the main supply center in the city. Here, the impact of the strike was most noticeable. [passage omitted]

The Wasmosy administration took stock of the strike and confirmed that for the time being it will be impossible to grant a wage hike. [passage omitted]

After discussing the degree of observance of today's strike in the various cities of the country, the organizers of the strike termed today's stoppage successful. According to trade unionists, school and informal sector activities were fully paralyzed, as well as 85 percent of banking activities and 90 percent of the public sector. [passage omitted]

More than 300 peasants from the northeastern area of Itapua Department blocked Route 6 at the Santa Clara crossroads for more than seven hours in observance of the nationwide strike. No incidents or clashes with security forces deployed there were reported. Farm laborers coming from several towns, villages, and hamlets of the department set fire to more than 500 kg of cotton to protest the low prices paid for cotton and soybean. As the result of an assembly held in that area, the demonstrators announced that they will not repay the debts contracted with private or public credit organizations such as the National Development Bank or the Agricultural Development Fund. [passage omitted]

Farm laborers from Alto Parana Department held several protest rallies in various areas of the department early in the morning. A group comprising trade unionists form the Itaipu Binational Agency demonstrated outside a nursery near the main gate of the hydropower plant. Another group of peasants blocked the highway linking Hernandarias and Saltos del Guaira. [passage omitted] At noon the strikers marched into Ciudad del Este under the supervision of some 200 policemen and converged on the Oasis traffic circle, where several trade unionists delivered speeches. They were all of one mind about the need for President Juan Carlos Wasmosy to resign as chief executive because he is furthering an economic and social policy that is out of step with the interests of the masses. There was no public transport in Ciudad del Este and the main cities of the 10th department. This helped to bring activities to a grinding halt for virtually the entire day. [passage omitted]

Paraguay: Agriculture Minister Vasconsellos Resigns

PY2803150196 Asuncion NOTICIAS in Spanish 28 Mar 96 p 25

[FBIS Translated Text] Agriculture Minister Arsenio Vasconsellos announced during a reception offered by the Paraguayan Rural Association on 27 March that he had submitted his resignation. "I want to make things easier for President Juan Carlos Wasmosy, whose administration is going through difficult times, to

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choose an assistant who can perform this task better," Vasconsellos said.

Political circles are speculating that President Juan Carlos Wasmosy will appoint Agriculture Engineer Cayo Antonio Franco, current head of the Agriculture Development Fund (CAH), to replace Vasconsellos.

During his speech, Rural Association President Enrique Riera, in representation of cattle raisers asked President Wasmosy not to accept Vasconsellos' resignation. "We cannot allow the departure of the man who represents ethics and honesty in the government," Riera said. Vasconsellos' resignation follows a government decision to make Agriculture Ministry programs more dynamic in order to promote a new agrarian plan.

Cayo Franco has already served as agriculture vice minister. He was then appointed to head the Agriculture Development Fund and is now considered Vasconsellos possible replacement.

Paraguay: Opposition Leader Downplays Possibility of Coup

PY2703183696 Asuncion NOTICIAS in Spanish 27 Mar 96 p 3

[FBIS Translated Text] Domingo Laino, leader of the Authentic Radical Civic Union (PLRA), has said that the situation in the country is propitious for all types of coup rumors, which are being circulated by certain backward groups. Laino said that "obviously, all this uncertainty, the lack of definitions, the lack of answers to social demands create a fertile ground for these rumors." Laino recognized that the current situation was adequate for a self-inflicted coup or a coup d'etat, but ruled out the possibility by saying that foreign and domestic conditions will prevent any such attempt. Laino said there is a lot of instability in the country and that the transition was not having a good time because there were many barriers and difficulties.

"We have solid information on the degree of political instability. There are even indications of certain difficulties to govern. Let me just give you the example of what happened in Concepcion," [reference to violent protest against appointment of school director] Laino said. The PLRA leader made a call to the different political groups saying that it was time to begin taking things seriously and start implementing concrete projects and giving answers to the urgent and just demands set forth by workers and peasants.

"We have always warned the government about the social question. We called their attention to the problem since the beginning of last year and today reality is showing that we were right. We are witnessing marches, strikes, and positions that some times are very difficult to support, like peasants' threat to invade large land holdings, which is part of the protest and pressures of the poorest groups of society, people who are not getting adequate answers," Laino said.

The Liberal leader indirectly said that the governability pact remained in effect, thus denying rumors indicating that the crisis that has become more acute lately could break it. Laino also ruled out the possibility, as sustained by some legislators, of a political trial of President Juan Carlos Wasmosy. Lately, the current political situation has provoked a number of reactions against the national government. Besides, the constant frictions between the executive and legislative branches has induced some legislators to propose a political trial of the president.

Laino said that he does not want to cut the dialogue with the government to continue looking for solutions to the social crisis and to workers and peasant demands. "We do not want to break the dialogue. It would be unwise to break the possibility of meeting, talking, and looking for solutions," Laino emphasized.

Paraguay: Peasants, Workers Create Marxist Movement

PY2803000796 Asuncion ABC COLOR in Spanish 17 Mar 96 p 7

[FBIS Translated Text] The political leadership of the People's Revolutionary Movement "Paraguay Puahura" [For a New Paraguay — in Guarani] is made up of rural and labor leaders. The movement, defined as Marxist-Leninist, was organized to defend peasants' and workers' interests from exploitation and imperialism. "We will not compromise our principles, we will not betray our brothers, we will represent the workers' class," Telmo Rodriguez, an OTEP [Organization of Paraguayan Education Workers] leader and one of the new movement's leaders, said during his speech.

A group of peasant leaders, taking advantage of the peasant march in the capital [on 15 March], and some labor union leaders created a movement that hopes to become a political tool for peasants and workers. The movement was launched on the night of 15 March. The ceremony was held at Cine Paris (near Fifth Avenue and Chile Street) and was attended by some 200 people with strong links to the peasants, followers of other leftist groups, and the Argentine Communist Party.

"From the unjust capitalism that assassinates people we return to an old humanist aspiration. This is why our movement is defined as Marxist-Leninist," Telmo Rodriguez, one of the leaders of the newly created political movement, said.

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"The majority must obtain power. We will continue suffering, bleeding, but a part of us will achieve power," the leader of the OTEP, one of the proponents of "Paraguay Puahura," said.

This group, which has ambitions to become the political representative of peasants' and workers' demands, was sponsored primarily by National Peasant Federation leaders such as Alberto Areco, Alfonso Cohene, and Eladio Flecha, among others, and by OTEP leaders such as Gabriel Espinola and Telmo Rodriguez.

The axis of the group's demands will be agrarian reform, but that will not impede the creation of a movement to work for society's other demands, Flecha told us.

The act had the support of organized leftist parties and movements, and their representatives (Luis Casabianca, of the PCP [Paraguayan Communist Party]; Cayo Benitez, of the PDP [Popular Democratic Party]; Arturo Acosta Mena, of Mopali [Gaspar R. de Francia Paraguayan Liberation Movement], among others) spoke on the occasion. All of them agreed, at a minimum, on the need to create a front to represent society's marginalized groups. Various musicians and composers of social themes join the launching act. But surprisingly, the only flags in sight were not those representing the new movement, but the Free Fatherland Movement, another leftist group.

Paraguay: Standard Passports for Mercosur Members Issued

PY2803181596 Asuncion NOTICIAS in Spanish 12 Mar 96 p 23

[FBIS Translated Text] In compliance with an agreement achieved among the Mercosur [Common Market of the South] member countries, Paraguay began issuing new passports as of 11 March. The new passports are replacing the traditional red-colored passports that had been used so far. The red-colored passports will be gradually replaced as they expire.

During the ceremony to introduce the new passports, President Juan Carlos Wasmosy expressed his concern over the possibility of forgeries, but it was explained that forgeries are nearly impossible due to the high technology — the first one of its type in South America — used to prevent this type of problem.

The Identification Department began issuing the new passports yesterday. They are blue, can be renewed three times, and their numbers agree with the identity card numbers of the citizens possessing them. The same passports will also be issued by the other Mercosur member countries: Brazil, Uruguay, and Argentina. The EU, with which Mercosur signed a standard cooperation agreement, has already been informed of this measure. Therefore, Paraguayan citizens travelling to EU countries will not have any problems.

Peru

Peru: Justice Minister Views Terrorism, U.S. Efforts

PY2803214896 Lima GESTION in Spanish 24 Mar 96 p 3

[FBIS Translated Text] Justice Minister Carlos Hermoza Moya has said that no one can dare say that terrorism has been defeated in Peru. He also criticized the U.S. Government for not knowing the Peruvian laws involving trial procedures.

Hermoza Moya said that he was in Ayacucho a few days ago and was able to see that the people have recovered confidence to work and live. He noted there is an entire program to allow the people who were displaced to other regions to return.

He added: "This shows that the struggle against terrorism in Peru was successful but I would not dare say that terrorism has been defeated. I believe no one would say that. We cannot declare ourselves victorious in this struggle until the germ of terrorism in Peru has disappeared."

He said that unfortunately the murder of Pascuala Rosado shows that there are still elements that act, and "I don't know if they do so in a synchronized manner or not."

Regarding the recent U.S. human rights report on the deplorable conditions of Peruvian prisons, Hermoza Moya admitted that the conditions of our penitentiaries are very poor.

He said: "We recognize that condition, but we are also correcting it. That has to be reversed."

Hermoza Moya also criticized the U.S. Government for not knowing our legislation on some specific issues such as the trial of people accused of terrorism.

He said: "In Peru we have legislation for cases involving high treason, which are subject to the proceedings of military courts and civilian courts. In the two cases, faceless judges are in charge of the proceedings, but this does not mean the absence of guarantees for a just trial."

Hermoza Moya also said that it will be impossible to have the life sentence given to U.S. citizen Lori Berenson reviewed by a civilian court.

He explained that individuals who commit crimes in Peru, regardless of their nationality, are as responsible

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as any Peruvian who committed the same crime. He added: "And if we thoroughly study the behavior of a foreigner, sometimes we find that his crime was more serious than the crime committed by a Peruvian because this is an individual who, not knowing the real situation of the country, violates the country's security through terrorism."

Hermoza Moya was asked if this was interference in the country's internal affairs. He said: "It is an effort to interfere in our internal affairs, which as a government we do not accept. We are respectful of the sentences and resolutions of Peruvian judges."

But apparently what really bothers Hermoza Moya is the latest report of the National Human Rights Coordinating Board [CNDH] saying that human right violations continue in our country.

In this regard, he said: "The 1995 CNDH report on human rights attacks Peru and describes it as the leader in terms of human rights violations, which is absolutely false, a fact that was even recognized by the U.S. Government."

Hermoza Moya criticized the CNDH's recommendation to create a commission to investigate the cases of forced disappearances, executions, and torture involving state agents, as well as the crimes committed by the Shining Path and the Tupac Amaru Revolutionary Movement [MRTA]. Hermoza Moya said the fact that the crimes of the Shining Path and the MRTA were mentioned last is inadmissible.

Peru: PRC Group Visits, To Explore Investment Options

PY2903033996 Lima LA REPUBLICA in Spanish 28 Mar 96 p 6

[FBIS Translated Text] Presidency Minister Jaime Yoshiyama yesterday received a group of important representatives of the PRC Government with the purpose of negotiating a government to government line of credit for $70 million and exploring the possibilities for greater PRC participation in the Peruvian privatization process in the mining and petroleum areas.

Moreover, the delegation is accompanied by 17 Chinese businessmen who, over a four-day period, will study the companies to be privatized.

During the talks he held with Yuan Tao, deputy minister of the Foreign Affairs Office of the State Council, Minister Yoshiyama expressed great interest in learning about the Chinese experience with regard to the issues of family planning, taxes, and extreme poverty.

What they said is that China has a family planning policy through which each family has one or two children, a policy that has helped reduce the population considerably.

Concerning treatment of the poorest sector of the country, Yoshiyama was said to be pleased to learn that the same policy implemented by President Fujimori in Peru is followed in China.

In Peru, of a total of 24 million inhabitants, 4.5 million are living in extreme poverty; meanwhile, in China there are 65 million people living in extreme poverty out of a total of 200 million inhabitants. [figures in sentence as published]

Yoshiyama said that exchange of experience during the visit will be very beneficial to determine ways to solve current problems.

The PRC has also affirmed interest in increasing its participation in the Peruvian privatization process, and envisions the possibility of granting a $70-million credit.

The Chinese delegation added that the 17 businessmen will explore the possibilities of investments in Peru, although China is already participating in the mining, iron, and petroleum areas.

Chinese Embassy sources have reported that the current interest is in the areas of mining, particularly copper, and petroleum, in addition to medium-size companies such as those for flour and sugar.

Peru: Amazon Trapezium Said Drug 'Operations Center'

PY2803174896 Lima EXPRESO in Spanish 24 Mar 96 p A14

[FBIS Translated Text] Considered the largest river basin on the planet, with a surface of more that 1.5 million square km, equivalent to the territory occupied by the former Eastern Germany, Spain, France, and Italy, and surrounded by rivers and plenty of jungle, the Amazon region has become the main operations center of those engaged in organized crime. Fifty percent of the drugs consumed in the United States are "exported" from this zone. EXPRESO visited this whole area and found out that international drug trafficking has discovered that the Amazon Trapezium, that is, Peruvian, Colombian, and Brazilian jungle areas, the most appropriate zone for its illegal activities.

The drug rings operate in the sector surrounded by the Putumayo River Basin (Peru), Leticia (Colombia), and the Tabatinga and Benjamin Constant towns and Yavari River (Brazil).

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During the past three years, the Iquitos Customs authorities, in Peru, have established that hundreds of boats with tanks loaded with ethyl ether, acetone, and hydrochloride acid, chemicals that are necessary for the production of cocaine hydrochloride, sail along the Ucayali, Maranon, Huallaga, and Amazonas Rivers.

The destination of all these chemicals is the Amazon Trapezium, where all the great clandestine "laboratories" that "produce" drugs are located. According to information given by locals, the drug is "refined" in sophisticated "workshops" located in the Yavari River district, on the Brazilian border.

It is also known that here the precursors are sold for triple the price in the legal market.

Consequently, the Amazonas River is now one of the most important drug routes.

The alarm triggered in Brazil by the great amount of drug that entered the country in February prompted the authorities to order an exhaustive investigation.

The result was amazing: Half of the 30 tonnes of cocaine that entered the country did so through the Amazonas River.

Moreover, the Iquitos Customs' drug enforcement agents have determined that the drug elaborated in the Peruvian sector is taken to the triple border zone from where it is taken to Manaus from where it is then shipped abroad in the most varied and cunning wrappings.

It is estimated that the Brazilian border zone of Tabatinga and Benjamin Constant-Yavari River, with its 45,000 inhabitants, on the border with Leticia, in Colombia, and Peru, is the main point of entry of drugs to Brazil where the cheapest cocaine in the country is sold at $6,000 per kilo.

However, due to the recent confiscations, the price has been set at $9,000 per kilo, when one year ago it cost around $17,000 to $20,000 per kilo.

In addition to all this is the close relationship the drug mafias maintain with Bolivian drug traffickers that seek to reach the criminal triangle by all means.

It is calculated that 50 percent of the drug consumed in the United States circulates through this area.

DEA agents, aware of what is going on, believe that drug enforcement should be stepped up in the Amazon Trapezium.

Iquitos Customs officials have also established that in many areas of the Huallaga-Yurimaguas, Lagunas, Ucayali, Maranon, and Amazonas Rivers the drug traffickers are welcomed by the local inhabitants. The reason is that a great quantity of the ill-gotten money is used by the mafias to aid the coca growers.

Moreover, according to the custom agents, corruption, that is "impossible to neutralize," is the main problem in that zone.

"'The power of the snow' can buy consciences and crushes wills, especially that of the Loreto police and judicial branch," they stated.

In addition to all this is the fact that police patrolling is almost nonexistent, thus turning the drug trafficker's task almost into a "child's game" where the fantastic profit they make allows them to bribe whoever "crosses" their path.

For this reason the mafias have forgotten San Martin Department that, until 1993, was considered the unshakeable stronghold of drug trafficking.

Regarding this problem, EXPRESO interviewed the Iquitos Customs director, Hugo Britto Gutierrez, who asserted that the "white route," the favorite zone of the Peruvian mafias to ship their "wares," is the entire Amazon valley.

In this zone there are no maceration pits nor plantations, but all sorts of means are used to ship the drug to the Colombian-Brazilian border.

Moreover, only a miracle will make it possible to implement drug enforcement operations in the zone due to the scarce customs personnel operating in the area.

The overcrowded population and slumming in the shantytowns, especially in neighborhoods such as Belen, Venecia, and Masusa, make any attempt to establish control unfeasible.

Dozens of boats, large and small, sail past the docks with cocaine paste concealed even in shipments of bananas, yucca, fruit, beans, and cattle.

Hugo Britto said: "No speedboat can compete with the powerful engines of the drug traffickers and although it might sound incredible, the customs do not even have a small aircraft to intercept or follow the drug traffickers' twin-engine aircraft."

Rosendo Temoche Lara, head of the Iquitos Customs Office Department, revealed that there is a network of clandestine airports in the Putumayo, Napo, Caballococha, and Yavari River-Islandia jungles, where there are very few inhabitants. Most of them live in Iquitos. All this makes the Amazon area appropriate for the drug traffickers to operate.

Despite the lack of logistic resources and personnel, the Iquitos Customs agents are still able to strike the

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"firms" blows. During the past few days, for example, they arrested 14 "mules" or "couriers" and seized 259 kg of washed cocaine paste, evaluated in $850,000. The operations, carried out by a group of customs agents, under the leadership of Captains Rosendo Temoche Lara and Carlos Lopez Olortegue, were carried out on the Amazonas River, the Francisco Secada international airport, and the Moronacocha Air Group 42, in Iquitos.

During the operation the agents also confiscated a contraband of 7,071 packages of cigarettes, of the River brand, and 930 bottles of liquor, amounting to $40,000 coming from the Brazilian and Colombian border.

The following is the identity of the 14 arrested drug traffickers: Miguel Davila Ruiz (38); Fidel Benitez Candeso; William Tuanama Vasquez (18); Johnny Arimuya Silvano (1); Jose Luis Facundo Laban (35); Maximo de la Cruz Solorzano (35); Luis Martin Sanchez Rarhuaman (21); Imelda Cunya Torres (37); Jorge Segundo Zuta Ruiz (18); Marcos Erazo Erazo (27); Luis Alberto Meza Vasquez (34); Isabel Benilda Velasquez Barrios (29); Rubel Rodil Aliaga Chamorro (27); and Pablo Asuncion Reategui Marin (38). Another two, known as "Rio Rata" and "Gorgojo", managed to get away.

Peru: Meat Imports From Falklands, Other Areas Prohibited

PY2803034096 Madrid EFE in Spanish
0226 GMT 28 Mar 96

[FBIS Translated Text] Lima, 27 Mar (EFE) — The Peruvian Government today prohibited imports of cattle and sheep, meat and mutton, as well as their byproducts, from several countries and the Malvinas Islands, as a preventive measure against the disease known as "mad cow" (bovine spongiform encephalopathy).

According to an official source, the prohibition, established by the Peruvian Agriculture Ministry, includes imports from France, Portugal, Switzerland, Ireland and the United Kingdom.

Elmo de la Vega, official of the National Agrarian Health Service (Senasa), said that the measure was adopted in compliance with an Andean Group rule that includes bovine spongiform encephalopathy among the plagues that affect animals, and for this reason the entry of those products from countries where this disease is found has been restricted.

The Andean Group includes Bolivia, Colombia, Ecuador, Peru, and Venezuela, member countries of the Cartagena Agreement.

De la Vega added that Senasa has strengthened the health control measures at maritime ports, airports, and bus stations.

"Mad cow" disease was detected last week in the United Kingdom, where at least 10 people had reportedly died of a similar disease, supposedly as a result of consuming meat from infected cattle.

Bovine spongiform encephalopathy is a degenerative disease of the central nervous system that kills the animal after causing disturbances in its behavior.

Peru: New Daily Morning Newspaper EL SOL Launched

PY2703020996 Madrid EFE in Spanish
1916 GMT 26 Mar 96

[FBIS Translated Text] Lima, 26 Mar (EFE) — A new newspaper — of modern design, in full color, and with an excellent format — called EL SOL of Lima, today emerged on the journalistic market of Peru where approximately 20 newspapers are published daily, all of which are distributed nationwide.

The director of this new morning newspaper is Peruvian journalist Alejandro Sakuda. His assistants are well known personalities such as Peruvian writers Mario Vargas Llosa and Alfredo Bryce Echenique, and Uruguayan Eduardo Galeano.

Others who cooperate with this newspaper are former U.S. Secretary of State Henry Kissinger; former U.S. Ambassador Jane Kirkpatrick; and Franz Beckenbauer, former player and German soccer coach, among others.

In its first editorial, EL SOL states that it comes to light the path "at a historical moment," as Peru enters "a modern era" and "recovers" from "serious ailments like hyperinflation and terrorism" that made it "ineligible" and "highly risky."

The editorial adds: "From our independent viewpoint we support good actions of public and private activities and constructively criticize their errors."

The editorial states: "We will defend political and economic democracy, freedom and right, justice and the law, that is, the state of law."

The morning newspaper has been launched amid great expectations following a lengthy publicity campaign.

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Uruguay

Uruguay: State of Nation Report Highlighted

PY2703232396 Montevideo EL OBSERVADOR in Spanish 14 Mar 96 pp 3, 4

[Report by G. Rodriguez and A. Ferreiro, members of the EL OBSERVADOR editorial staff; all quotation marks as published]

[FBIS Translated Text] In the State of the Nation Report that he will submit to a joint session of Congress on 15 March, President Julio Maria Sanguinetti makes a vigorous defense of Mercosur [Common Market of the South] and asserts that without that regional integration endeavor, Uruguay would have to undergo a "broader and more traumatic opening."

Sanguinetti calls upon Uruguayans to be prepared to successfully compete in the new international context and announces his intention that by the year 2000, public resources will have been reallocated so as to enable greater GDP growth.

The centerpiece of the head of state's report can be summed up in one of the sentences, which, according to government sources, make up that lengthy document: "To leave behind public and private inefficiencies, to reform the state, to improve economic competitiveness, to roll back inflation to rates already prevalent in Latin America, to place education at the service of these changes, and to adapt political institutions to times in which it is no longer possible to resort to rhetorical speeches while plunged into inaction."

The president will not follow the custom of his predecessor Luis Alberto Lacalle, who went to Congress personally to deliver the speech. Nevertheless, Sanguinetti will abide by the provisions of Article 168, paragraph 5, of the Constitution, by sending the State of the Nation Report to the General Assembly.

The report comprises 722 pages, together with a dossier, listing the main achievements of "a year marked by transformations" in which Uruguay "has undertaken structural reforms considered essential for this historic stage characterized by universal competition, financial globalization, and scientific revolution." According to the sources, the report underscores that the goals attained, and the ones to be attained, have been possible "thanks to the political coalition."

The presidential report underlines that Uruguay's inclusion into a regional configuration based on Mercosur is inevitable; "there can be no turning back. Nor should we accept this integration endeavor with resignation, as if it were a punishment that condemns us to effect painful changes."

Such changes — the report states — "must be instituted using Mercosur as a platform. Otherwise, we would have to opt for a broader and more traumatic opening."

The head of state claims in the message he will submit to the joint session of Congress tomorrow that democratic debate must be reconciled with the need for efficacy. Unless we assume this historical reality, the future of our society will be characterized by impoverishment; the worsening of workers' conditions, as many will join the informal sector, which weakens the strides made by social security; the deterioration of Uruguayan employers; and, as a consequence of this, a decline of our standard of living."

According to the report, the opening drive ought not to be "naive." In order to do so, the necessary macroeconomic balance should be combined with social policies that protect the most vulnerable sectors of the population. Herein lies the major challenge facing our country."

The presidential report underscores — according to the informants — the benefits of the constitutional reform, which is deemed "unpostponable." The report further states that "the coalition government itself has already been an innovative response to these new realities, a forceful expression of the will to bring about change. The report points out that for this coalition to be efficacious — something which has been abundantly proven this year — it is of utmost importance to provide these changes, which will make possible the reaching of agreements of this sort in the future and the realization of governments that are able to act with operative majorities."

The lengthy State of the Nation Report reviews the major guidelines and issues tackled by the Sanguinetti administration during its first year of office and its future prospects.

It indicates that the social security reform "is a wager on the future that once again confers viability and perspective to our economy and enables new generations to have access to a decent pension." In broaching the subject of the education reform, the report establishes that two fundamental elements accelerated its discussion. It mentions the low standard of education and the new Mercosur reality, which demands an adaptation of the Uruguayan education system. The report states: "The state earmarked the greatest amount of financial resources it could have at its disposal for this reform."

Another passage of the state of the nation report says: "Our country cannot be trapped in the simplistic debate over the dichotomy between the state and private

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activity, as if they were not complementary in our contemporary society.

In dealing with the chapter devoted to the state reform, Sanguinetti points out that this reform represents a cultural change that introduces modifications to administrative systems, adding that as of now, one should think about a less bureaucratic and more managerial model of state in which results rank foremost.

The president states that the challenge his administration faces is to reallocate public resources by the year 2000 so as to have a higher GDP growth with the same resources.

The presidential report considers the changes effected in the state apparatus and highlights the figure of the non-governmental organization performing public services, "which will make possible out-sourcing for the provision of public services that can be delegated so that these services will be provided by the current public agencies, but they will be subject to the provisions of private law and be nonprofit making."

The report, moreover, underscores the demonopolization process undertaken at the State Insurance Bank, the introduction of private services at Montevideo port, the morphological changes [privatization] effected in Pluna [Uruguayan National Lines] and the Post Office, and the concession of public road infrastructure works.

The head of state notes: "The adoption of the legal system regulating private companies for state-run enterprises will enable the latter to compete in the enlarged Mercosur market, a market into which several companies are already venturing."

The State of the Nation Report that President Sanguinetti will send to Congress on 15 March states that the achievements made by Uruguay concerning social progress "are insufficient" because "an important sector of the population is still living in poverty."

Having acknowledged this, the head of state points out that budget appropriations for public education and Iname [National Minor's Institute] (28.1 percent), for public health (11.7 percent), and for housing (4.9 percent) are geared to reducing this imbalance.

The report points out that in the next five years, "more than 82,000 families will have their own home and by the end of the century, more than 70 percent of Uruguayan families will own their own home."

The report further states that "the National Housing Plan estimates that this year, the number of new homes built will double that of 1995," rising from 7,723 to 14,333.

After reviewing the main policies on public health and underscoring the decrease in the inequality in the provision of medical aid to the public, the presidential report enumerates some indicators such as the decline of the infant mortality rate, provision of equipment for public hospitals, and health promotion as the central points of the health policy pursued during Sanguinetti's first year of office.

The presidential report states that "notwithstanding the absence of economic growth in 1995, 20,000 new jobs were created in urban areas. The number of Uruguayans who are in regular employment status thus climbed to 1,207,000, the highest figure for the last 10 years."

The head of states concedes that although the unemployment rate has not reached alarming proportions, it is still worrisome.

The president adds in his report that his administration has undertaken fundamental actions to solve this problem, such as making substantial investments in housing, implementing numerous road and infrastructure works, and giving aid to industries facing a crisis.

The report discusses the evolution of wages in 1995, noting that the 5.4 percent decline in real wages in Montevideo "had no adverse effect on the lower strata of the population, whose wages evolved at the same pace as inflation; therefore, there was no decline in their purchasing power."

The report, which assesses the incumbent administration's first year in power, notes that the National Food Institute has provided attention to nearly 220,000 people."

The presidential report stresses the fact that the enforcement of the Financial Restructuring Act was instrumental in doubling the family allowances received by 207,000 families. It also enumerates the plans that the Youth Institute is undertaking to train workers and facilitate their entry into the labor market.

The State of the Nation report underlines: "The administration will continue pursuing an economic policy which is basically hinged on private activities, openness to international trade, and regional integration."

According to Sanguinetti's report, the productive sector infrastructure must be based on the specialization of those agricultural, industrial, and service activities which are competitive.

It notes that "due advantage will be taken of the transition period within Mercosur — ranging from five to 10 years according to the products — to adapt the areas that are potentially competitive to the regional

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reality and to encourage protected activities that cannot be maintained in an open market to change their line."

The president's report declares that the starting point for this strategy "is to put into motion a stabilization program targeted mainly at the public sector together with certain basic structural reforms." It adds that without them, "it will be impossible to develop buoyant export activity or to make the public sector more efficient."

Venezuela

Venezuela: PRC Official Visits, Meets With President

PA2703013796 Caracas EL NACIONAL in Spanish 23 Mar 96 p 4D

[FBIS Translated Text] Luo Gan, general secretary of the State Council of the PRC, has demanded an end to meddling by foreign forces in what he described as Taiwan's aspirations for independence.

Luo, who is also vice premier, visited the Miraflores Palace yesterday to meet with President Rafael Caldera to discuss Sino-Venezuelan relations and the possibilities of promoting economic and commercial cooperation between the two nations.

The visitor is accompanied by other high-ranking government officials and an important business delegation from his country.

The Chinese representatives are interested in purchasing orimulsion, iron, and raw materials such as aluminum. They are also interested in exporting manufactured and industrial products to Venezuela to increase commercial exchanges.

As for tension in the Taiwan Straits, Luo said "Taiwan is an inalienable part of Chinese territory. China, consequently, has advocated a peaceful solution to the Taiwan problem under the principle of a country of systems in order to achieve the fatherland's reunification."

"We are convinced the situation at the Taiwan Straits will calm down if the authorities (of Taipei, capital of Taiwan) renounce to their aspirations for independence, and if the meddling and support [otorgamiento] to those aspirations by certain foreign powers ceases," he added.

Venezuela: Censure Vote on Finance Minister Urged

PA2703001096 Caracas Venezolana de Television Network in Spanish 0230 GMT 26 Mar 96

[Report by Pedro Prado]

[FBIS Translated Text] One day to go before the start of the debate on the censure vote on Finance Minister Luis Raul Matos Azocar, Copei [Social Christian Party] insists that replacing him is a necessity of national interest. Copei, represented by its Secretary General Donald Ramirez, believes that if the finance minister does not step down in 90 days the new economic cabinet will fail, there will be no agreement with multilateral organizations, and the economic adjustments will not yield the expected results. The Copei members guarantee that the request for a censure vote is no whim, let alone the first step to later ask President Rafael Caldera to resign.

[Begin Ramirez recording] We feel the president must revise the appointments he has made instead of stubbornly keeping in that post a person who is mostly to blame for the failure of his economic policy, as the spokesman [words indistinct] the finance minister. The departure of the president is not currently being considered. [end recording]

Copei also reaffirmed that adjustment of the budget is an absolute responsibility of the government.

[Begin Ramirez recording] [Words indistinct] a decree, in early, rather, late December the government ordered the adjustment in the terms in which it was envisioned. If this is a disaster, the national government is especially to blame. [end recording]

Once Holy Week is over, Copei will present seven proposals on economic matters to the government and the public to help overcome the crisis, especially on aspects such as legal security, monetary policy, exchange policy, fiscal policy, and labor policy.

Venezuela: Censure Vote Against Finance Minister Fails

PA2803174796 Caracas Venezolana de Television Network in Spanish 0230 GMT 28 Mar 96

[Report by Pedro Prado]

[FBIS Translated Text] With 83 votes in favor, 58 abstentions, and 48 votes against, Congress rejected the censorship motion against Finance Minister Luis Raul Matos Azocar.

[Begin recording] [Prado] On the last day of the debate, it was argued that the vote of censure against Luis Raul Matos Azocar was due to a futile conspiracy to judge President Rafael Caldera as incompetent.

[Convergence Senator Leonardo Montiel Ortega] In some respects it is fruitful, and in others it has absolutely no element that might be attributed as a benefit produced by a debate of this nature.

[Prado] The Movement Toward Socialism [MAS] party made the conflict more intense by charging COPEI [Social Christian Party] of fostering the conspiracy.

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[COPEI Deputy Douglas Dager] No one here is conspiring against Venezuela. No one here is thinking in terms of personal or party interests. The bottom line is we all have Venezuela's best interest in mind.

[Prado] The AD [Democratic Action] party intervened to correct the focus of the argument. Although the AD stated it has no reason to defend the government, it made it clear that the censure vote against Matos Azocar is against the country`s interests.

[AD Deputy Carmelo Lauria] No matter how inappropriate, spontaneous, or inefficient, the abstention that we are sustaining today is nothing more than an invitation to a constructive dialogue so that we may be able to work together to correct the current situation in Venezuela.

[Prado] However, the Radical Cause [R Cause] Party saw dishonorable intentions in the AD's stance.

[R Cause Deputy Carlos Melo] This vote in favor, we have to say this, of Matos Azocar is a very suspicious vote. [Words indistinct] we now believe that the AD is a vote cast to the highest bidder.

[Prado] Having exhausted all adjectives, the vote was taken. In the first vote, Matos Azocar was found innocent, but COPEI asked for a nominal vote. Each parliamentarian said yes, no, or abstain. After added confusion because the votes were initially not counted, the mathematical results finally spoke the truth.

[Unidentified congressman] The proposal has been denied.

[Prado] COPEI accepted the defeat and exercised their right to protest.

[Nelson Chitty La Roche, leader of the COPEI faction] Everyone on the street knows that what needed to be done was to censure a minister that has done a very bad job as the head of public finances. To defeat inflation one has to rebuild confidence. Unfortunately, Matos, is not the man for the job.

[Prado] During the debate, the possibility of a vote of censure against members of the economic cabinet was presented. COPEI responded to this suggestion by saying that it would not be taken seriously to introduce another proposal after a vote was already taken not to censure the finance minister, the principal figure in President Caldera's economic committee. [end recording]

Venezuela: Information Director on Budget Approvals

PA2903043896 Caracas Venezolana de Television Network in Spanish 0230 GMT 28 Mar 96

[FBIS Translated Text] Venezuela has received full support from the international organizations regarding its ongoing negotiations with the IMF. It seems the support became evident during the yearly conference of the Inter-American Development Bank [IDB]. OCI [Central Information Office] Director Fernando Egana released the information on 27 March while giving a report on the activities of the Council of Ministers.

Finance Minister Luis Raul Matos Azocar has traveled to Buenos Aires, Argentina, to the IDB annual conference. Delegations from other international financial institutions and foreign investors have expressed to the finance minister their agreement with and support of the negotiations between the central government and the IMF. The Council of Ministers also has approved other issues, credits, and budgets:

[Begin Egana recording] The Council of Ministers has approved 49.18 billion bolivares for the autonomous social benefits services of the central administration organization, 181.5 billion bolivares for the Venezuelan Social Security Institute, of which 130 billion bolivares are income derived from social security fees, and 274 million bolivares for the Coordinating Office to Provide Education Services to the Defense Ministry, of which 253 million bolivares come from a joint INCE [National Institute of Cooperative Education]-PDVSA [Venezuelan Petroleum, Inc.] contribution to the Defense Ministry. [end recording]

Venezuela: Legislature Not To Approve 1996 Budget Bill

PA2903023696 Caracas Venezolana de Television Network in Spanish 1530 GMT 28 Mar 96

[Report by Pedro Prado — passages within quotations marks are recorded]

[FBIS Translated Text] The legislative branch has decided not to approve the budget bill totaling 4 trillion bolivares for this year after considering it insincere and inviable both regarding income and spending.

Disapproval of the budget bill was evidenced by only one session, a few empty seats, and the Democratic Convergence [CD] and the MAS [Movement Toward Socialism] have resigned. The arguments of the speakers were like a chorus, and the raised hands of Copei [Social Christian Party], AD [Democratic Action], and Radical Cause Party deputies voted in favor of reimplementing last year's budget this year.

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Gustavo Tarre Briceno, chairman of the Congressional Financial Committee, has recommended the beginning of a great dialogue:

[Tarre Briceno] "Things would have undoubtedly been different had the government consulted with the political parties, had it talked with the parties before submitting the budget bill. In addition, it should improve the technical quality of those who draft the budget, because this proposal not only included macroeconomic deficiencies but also very serious technical faults."

AD lawmakers have said they will cooperate to benefit the country. AD deputies believe this decision does not represent a stumbling block for the economic adjustments:

[AD Deputy Omar Barboza] "As for the position of the IMF, which proposes a reduction of public spending, instead of authorizing a 4.9 trillion bolivares budget we are authorizing the reimplementation of last year's budget for 4.1 trillion bolivares, I believe we are rather contributing to cutting public spending."

Radical Cause Party legislators have asked that a social economic plan be presented in the future:

[Radical Cause Party Deputy Jose Bottini] "There must be a budget that is discussed more with the states, governors, mayors. This must be done as part of a plan, a socioeconomic plan. I insist this plan must be a socioeconomic plan, because otherwise we will never approve a budget."

For the CD, the rejection of the budget bill is an obstacle to the country. They have warned that the plans for this year have vanished:

[CD Deputy Juan Jose Maury] "New retirees and pension holders of the Venezuelan Social Security Institute will be unable to receive money. The plans to build new prisons, for which the Prison Investment Fund was created, will not receive money either, nor would the plans to equip hospitals receive funding. The salary increases that had been set at 352 billion bolivares will also be put on hold."

For MAS, it is not possible in Congress for the decisions to continue being more of the same and nothing else:

[MAS Deputy Jose Gomez Febres] "We cannot and must not allow populism or demagoguery, the need to benefit particular needs result in an abrupt budget increase, a growth in the fiscal deficit beyond controllable levels. By doing this, we would be contributing to making a recovery difficult."

Following this legislative decision, the 1996 budget must be implemented based on a budget estimated at 4.1 trillion bolivares. It also has been estimated that the government should request 844 billion more bolivares through additional credits. On 30 June 1996, the government has the legal obligation to present to Congress the 1997 budget.

Venezuela: Central Bank Representatives Named

PA2703000296 Caracas Venezolana de Television Network in Spanish 2300 GMT 23 Mar 96

[FBIS Translated Text] On Wednesday, President Rafael Caldera named Cordiplan [Coordination and Planning] Minister Teodoro Petkoff and Industry and Commerce Minister Freddy Rojas Parra as the executive's new representatives to the Central Bank of Venezuela [BCV]. With these appointments, the president is seeking to strengthen ties between the government and the BCV.

In addition, Caldera met this afternoon with the ministers of Cordiplan, industry and commerce, finance, and energy and mines. During this meeting, he received a detailed report on the progress of the actions of the team negotiating with the IMF.

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